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Israel Imposes Austerity

Peres Cuts Subsidies; Protest Strike Set

By Edward Walsh
Washington Post Service

JERUSALEM — After a 24-hour meeting, the Israeli Cabinet declared a state of economic emergency Monday and imposed a new series of austerity measures. Among the changes were a currency devaluation of 18.8 percent, sharp cuts in government subsidies of basic commodities, and a three-month freeze of wages and prices.

The Histadrut, the national trade union federation, reacted by calling a 24-hour general strike beginning at 6 A.M. Tuesday.

Emerging bleary-eyed from a meeting that began Sunday morning, Prime Minister Shimon Peres said Monday that Israel risked "total collapse" if it did not act to stem its economic and financial decline.

"The cuts on which we have decided are very difficult, the measures we have taken are very harsh," Mr. Peres said on the state-run radio.

"But we didn't have time," he said. "Insofar as I understand the situation in the economy, the decisions were made at the last possible minute."

Israel Knesset, the Histadrut secretary-general and a member of the Knesset from the Labor Party of Mr. Peres said that some of the measures were illegal and that they would mean a one-third reduction in real income for Israeli workers over the next three months.

Cuts in government subsidies for such items as milk, bread, poultry and frozen meat went into effect Monday morning, bringing immediate price increases that ranged from 45 to 75 percent. The price of gasoline rose by 27 percent. The government authorized a 17-percent increase in the price of goods that are not subsidized.

The austerity program includes a \$750-million cut in the government budget, to be achieved through cuts in government activities and social service payments, a 3-percent reduction in public service jobs and higher taxes.

Because of the devaluation of the shekel, the currency's exchange rate value dropped from 1.262 to \$1 to 1,500 to \$1. Banks were open Monday, but Israeli radio reported many were refusing to handle dollar transactions. The Tel Aviv stock exchange was closed for the second day in a row.

The government voted to provide some compensation to workers for the immediate price rises and subsidy cuts, but there will be no cost of living payments beyond that during the three-month economic emergency. There were predictions that the consumer price index might rise by 25 percent, in July alone because of the price increases.

After the price rises are imple-

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Robert Brown, of Stow, Massachusetts, shows his joy at being reunited Thursday with his wife, Jill, and daughter, Melissa. They greeted each other at the U.S. base in Wiesbaden.

Madrid Bomb Kills One, Injures 28; Link Is Seen to Beirut Hostage Release

By Edward Schumacher
New York Times Service

MADRID — One woman was killed and at least 28 persons were injured Monday in attacks on the Madrid offices of British Airways and Alia, Jordan's national airline.

Spanish officials said that the attacks could be connected with the release in Beirut on Sunday of the 39 U.S. hostages who had been passengers on a hijacked Trans World Airlines plane. A TWA administrative office, marked by a prominent red and white sign, is one floor above the British Airways office.

Later, reports from Rome said that a bomb at Fiumicino Airport had injured at least two persons there Monday evening.

[The Associated Press quoted Italian police as saying that the bomb was in luggage due to be loaded on a flight to India. An Air-India Boeing 747 crashed over the Atlantic last week, killing all 329 persons aboard. Investigators into that crash suspect sabotage.]

The dead woman and most of the injured in Madrid were in the main ticket office of British Airways when an explosion ripped out windows and started a fire that badly damaged the TWA office.

The main TWA ticket office, across a narrow side street, was undamaged.

Five minutes later and two

blocks away, two men and a woman, according to police, sprayed the Alia ticket office with bullets and tossed in two hand grenades. The grenades failed to go off and were later detonated by police.

In Beirut, a group calling itself "The Organization of the Oppressed" said it was responsible for the bombing in Madrid. Reuters reported. An anonymous caller told a news agency in Beirut that it was in response to a pledge by President Ronald Reagan last Friday to strike against terrorists.

The Beirut caller said: "The bombing of the TWA office came as a direct reply to Ronald Reagan's threat that he would strike at terrorism. Let Reagan know that our hands will reach the whole

world and we shall never remain silent after this."

At least three persons were injured, none seriously, in the Alia attack, police said.

The U.S. Embassy said that a 17-year-old American girl, Bridget Lerner, was slightly injured. Five others, however, were listed in critical condition by hospital officials. They were mainly Spaniards.

"The attacks could be related to the hijacking of the TWA plane in Lebanon," said Joaquin Leguina, president of the Madrid regional government.

"Even though the hijacking crisis has been resolved, we see again that terrorism has neither frontiers nor logic," he said.

Israel Expected to Release 300; Freed U.S. Hostages Upbeat

Bush Says U.S. Is Proud Of Captives

Compiled by Our Staff From Dispatches
WIENSBADEN, West Germany — The 39 freed American hostages are an "upbeat group" and appear to be in excellent physical and mental condition after their release

Syria apparently played a key role in persuading Nabil Berri to release hostages. Page 2.

from 17 days of captivity, a hospital spokesman said Monday.

"They look extremely healthy both physically and mentally," said Colonel Charles K. Maffet, the commander of the U.S. Air Force hospital in Wiesbaden.

The Americans arrived in the hospital early this morning after they were flown to Frankfurt aboard a U.S. Air Force C-141B from Damascus.

The hostages were released by their Shiite captors Sunday afternoon in Beirut and driven to the Syrian capital, ending captivity that began when TWA Flight 847 was hijacked June 14 as it flew from Athens to Rome.

At the dawn arrival ceremony at Frankfurt's U.S. Rhein-Main Air Base, Vice President George Bush gave a heroes' welcome to the hostages, telling them they endured "this cruel and painful experience with courage."

"Through the days of your ordeal, Americans built a special place in their hearts for you, hoping praying each day for a safe return. You are back and America did not compromise her principles to get you back."

Mr. Bush was joined there by an enthusiastic crowd of about 300 Americans from Frankfurt's large U.S. community, gathered under banners reading "Welcome Home."

"The attacks could be related to the hijacking of the TWA plane in Lebanon," said Joaquin Leguina, president of the Madrid regional government.

"Even though the hijacking crisis has been resolved, we see again that terrorism has neither frontiers nor logic," he said.

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Peter W. Hill, of Hoffman Estates, Illinois, raised his arms in celebration Monday as he and the other 38 freed hostages arrived at the U.S. military base in Wiesbaden.

U.S. to Fight Terrorists, Reagan Warns in Speech

By Bernard Weinraub
New York Times Service

WASHINGTON — President Ronald Reagan welcomed the release of the American hostages Sunday but said the United States "will not rest until justice is done" in Beirut as well as El Salvador.

"Terrorists be on notice," Mr. Reagan said in a television speech from the White House. "We will fight back against you in Lebanon and elsewhere. We will fight back against your cowardly attack on American citizens and property."

A ranking administration official, who asked not to be identified, seemed to indicate that the United States had ruled out retaliation against the Lebanese Shiites responsible for the hijacking.

The hijackers seized Trans World Airlines Flight 847 on June 14, taking the hostages and later killing one, a navy diver named Robert Dean Stehenn.

It was not clear from Mr. Reagan's strong words about hijackers and terrorists whether he was hinting at the possibility that the United States would retaliate militarily for the Beirut hostage crisis.

Secretary of State George P. Shultz appeared in the White House briefing room shortly after Mr. Reagan spoke and emphasized what he said was the government's determination to respond to terrorism.

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Radio Says Release Was Set Earlier

The Associated Press

JERUSALEM — The Israeli Cabinet decided Monday to release 300 Lebanese prisoners within 48 hours, Israel Radio said.

The reported move came one day after the release of 39 Americans held hostage for 17 days by gunmen demanding freedom for 735 Lebanese, mostly Shiite Moslems, being held in Israel.

A release of 300 prisoners had been approved before the June 14 hijacking of the Trans World Airlines jet and had been scheduled for July 5, the radio said.

The cabinet ministers decided to release the prisoners "in the shortest possible time" that is, "in the next day or two," Israel Radio said.

Defense Minister Yitzhak Rabin, asked if a decision had been made during the one-hour cabinet session, said "of course" but declined to elaborate. A cabinet spokesman, Yossi Berlin, and all other ministers refused to comment on the meeting.

Prime Minister Shimon Peres praised President Ronald Reagan's response to the holding of the Americans and said Monday that he was happy that the 39 hostages have been delivered safely from the "uncertain land of Lebanon."

The Jerusalem Post, quoting an unidentified source, said that about 300 Lebanese prisoners would be released soon from the Adit Prison in northern Israel and that the rest probably would be freed within 10 to 14 days.

Israeli officials denied that any deal had been struck with the United States connecting the release of the American hostages and the Lebanese prisoners.

While the hostages were being held, Israeli officials complained of quiet pressure from the United States to release the Lebanese prisoners and expressed concern about U.S. opinion polls that showed an erosion of support for Israel.

Asked if he thought Israel would free the Lebanese now that the American hostages have been released, Education Minister Yitzhak Navon said, "I suppose so."

On Monday, Mr. Peres landed the Reagan administration, saying: "We admire the way the American administration and the American president handled this very, very complicated matter."

Another official, who declined to be identified, said that the Israeli government was disappointed that Syria had achieved "public relations victory" for its role in ending the crisis.

"It is very unfortunate," the official said, "that right now Syria is being portrayed as a power that cut short this ordeal, when certainly Syria could have stopped it to begin with, or at least have cut it shorter."

Four Frenchmen, two of whom are diplomats, are also being held.

Mr. Reagan said, "We call upon those who helped secure the release

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'Good Shiites' Arrived After Killing

Early Brutality Gave Way to Controlled Calm Under Amal

By Kathy Sawyer
Washington Post Service

WASHINGTON — The fate of the passengers aboard TWA Flight 847 turned in the instant when a hijacker pressed a pistol to the temple of Robert Dean Stehenn, a young navy diver, and shot him dead. It was an act that the others on board say persuaded the reclusive Amal militia, the "good Shiites," to get involved.

This and other details of the 17-day ordeal came from hostages freed Sunday and from others released earlier who had withheld details for fear of reprisals against the remaining captives.

The drama began June 14 in the summer heat and confusion of Athens airport. Flight 847, flown by John L. Testrake, a 30-year veteran of Trans World Airlines, took off just after 10 A.M.

Evelyn Balt, 70, of Oswego, Illinois, was in a seat near the rear of the plane. About 10 minutes after the plane became airborne, her husband, Stanley, lit a cigarette.

Just then, there was confusion of some sort behind him, she said. "I saw passengers putting their hands up." Her husband told her it was a hijacking.

That began an 8,500-mile (13,800-kilometer) odyssey across Beirut and Algiers.

The two hijackers forced passengers to spend as long as seven hours with their hands on their heads, heads between their knees. From that position, one woman could recognize no more than her mother's shoes when the older woman was allowed to leave the plane at one stop.

The hostages were forced to sit

two U.S. servicemen and shot Mr. Stehenn. Passengers were robbed of jewelry, cameras and money. One estimated the hijackers' take at \$150,000.

Some hostages went as long as 24 hours without being allowed to use the bathroom. Some were slapped or hit with gun butts when they tried to move. Some saw stacks of explosives and feared the plane had been wired to be blown up.

But there were also flashes of kindness from some of the captors, and a joke circulated among passengers: that people taking part in the second Beirut stop and took custody of most of the hostages.

The first two hijackers, identified by a confederate as Ahmed Kherbel and Ali Yunes, both 20, had planned to "hopscotch" throughout the Middle East and in each place leave a body of at least one American on the tarmac," said Allyn B. Conwell, a passenger, in a television interview.

As the plane left Athens, the gunmen left their seats and ran toward the cockpit, "like they were running the 100-meter dash," recalled Jose Delgado, 64, of Escondido, California. "One was really well-dressed. The other one looked like an everyday kid. Very clean. You couldn't spot 'em."

One of the hijackers had a silver automatic pistol with a pearl handle. Both he and his companion had hand grenades.

As the pair reached the cockpit, one of them chopped the flight's purser, Ute Denekson, across the chest with his hand and pushed her up against the cockpit door while the other put his pistol to her head.

Miss Denekson, a West German, was used as a translator by the hijackers, who spoke German. Several

(Continued on Page 2, Col. 2)

A bomb at the Madrid offices of Trans World Airlines and British Airways killed one person and injured 28 Monday. Gunmen also fired on the office of Jordan's Alia airline

Romanov Removed From Soviet Posts

By Dusko Doder
Washington Post Service

MOSCOW — Grigori V. Romanov, one of the senior figures in the Soviet leadership and long regarded as a rival to Mikhail S. Gorbachev, the Soviet leader, was removed Monday from all his posts.

The shake-up clearly underscored Mr. Gorbachev's dominant position in the leadership. An official announcement said that Mr. Romanov, 62, was relieved of his membership in the ruling 13-man Politburo and also of his post as secretary of the Communist Party Central Committee "in connection with retirement on health grounds."

The announcement, which was distributed by Tass, the government news agency, said that the Central Committee had acted at Mr. Romanov's request.

Mr. Shevardnadze, who formerly held the post of alternate, or non-voting, Politburo member, is the

Communist Party leader of Soviet Georgia. Before taking that job in 1972, Mr. Shevardnadze had served for eight years as Georgian minister of interior and holds the rank of three-star police general.

The Central Committee also elected two new members of the Secretariat, the party's second most influential body. They are Lev N. Zaikov, 61, the Communist Party leader in Leningrad, and Boris N. Yeltsin, 54, the party chief of the Sverdlovsk region, one of the main centers of the Soviet military industry.

The election of Mr. Zaikov and Mr. Yeltsin brings to 10 the number of secretaries. Mr. Gorbachev, as party general secretary, runs both the Secretariat and the Politburo.

Mr. Romanov's removal was likely to be seen throughout the party bureaucracy as an ominous sign.

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■ U.S

Assad Role, U.S. Threats Cited in Hostage Release In a Diplomatic Ballet, Amal Leader Finally Yielded to Mounting Pressure

By Don Oberdorfer

Washington Post Service

WASHINGTON — The critical moment in the diplomatic ballet that ended Sunday in freedom for 39 American hostages occurred sometime late last Tuesday or early Wednesday, when the Shiite Moslem leader Nahib Berri changed his mind.

Up to then, Mr. Berri seemed disinclined to accept any formula for ending the hijacking that did not include the prior release of more than 700 Lebanese, most of

NEWS ANALYSIS

them Shiites. But, Wednesday morning in Beirut, according to U.S. and foreign sources, Mr. Berri suddenly was much more flexible.

A White House official involved in the talks credited the breakthrough to a variety of pressures on Mr. Berri, including the threats Tuesday from President Ronald Reagan to close down Beirut airport and take other reprisals.

Other sources emphasized the role of President Hafez al-Assad of Syria. American officials believe Mr. Assad secretly summoned Mr. Berri to Damascus last Tuesday and strongly encouraged him to find a way out.

The diplomacy finally won freedom for the U.S. hostages involved in U.S. contacts with traditional foes such as Iran and the Soviet Union as well as friends such as Israel, Algeria, Saudi Arabia, France and Switzerland.

In the end, the key player was Syria, which is seen most often as a foe by the Reagan administration.

Mr. Assad, who two years ago played a crucial role in forcing the United States out of Lebanon, used his considerable power there to help the United States. And he discovered a common interest with the United States and even with Israel — to prop up Mr. Berri, leader of the moderate Amal militia, against more radical Shiites backed by Iran.

When the release of the Americans was unexpectedly jeopardized Saturday by the refusal of Hezbollah, a radical Shiite faction, to accept the agreement worked out by Mr. Assad and Mr. Berri, Mr. Assad reportedly sent his chief of intelligence for Lebanon, Colonel Ghazi Kanaan, to Hezbollah leaders for some blunt persuasion.

Damascus also suggested a public statement from Washington vaguely disavowing any U.S. interest in destabilizing Lebanon, that made acceptance of the arrangement more palatable to Hezbollah.

U.S. diplomacy first centered on Algeria. The White House made fervent pleas to Algiers that the



Vice President George Bush, left, shook hands at Rhine-Main Air Base in Frankfurt on Thursday with Dr. Richard Moon, of Asheville, North Carolina. Between them is another of the freed American hostages, the Reverend James McLaughlin, of Geneva, Illinois.

Ex-Hostages Reported in Good Health

(Continued from Page 1)

tages that they felt sympathy for their captors.

"I'm inclined in a situation like this to be somewhat on the forgiving side," the vice president said. "Now there's time to debrief and sort it out, but there was a comment or two that caused me some concern."

He also said he was heading a task force on international cooperation to thwart terrorism and that it would study the question of retaliation.

Washington wanted Israel to be ready to release the Shiite prisoners, as Israeli authorities had promised they would. And despite its public stance on linkage, the administration permitted, and even encouraged, the buildup of public pressure for Israel to make the release once the hostages were freed.

In the end, neither Mr. Assad nor the Israelis seemed prepared to let Mr. Berri, whom they regard as an important ally, fall on his face.

Mr. Assad offered Mr. Berri a way out: He would give assurances that the Israelis would release their prisoners; and he had the power to enforce a compromise on Mr. Berri's Hezbollah rivals. It became an offer Mr. Berri could not refuse.

At least 62 relatives were believed to be staying with the former hostages inside the hospital.

Colonel Maffet said the first request of the former hostages was to call home on the special telephone set up in the facility.

"Our goal is to get a thorough medical evaluation completed within the next 24 hours," he said.

Government debriflers were also on hand, Colonel Maffet said, adding that the hospital provided rooms for "officials from the U.S. to meet with the 39."

Colonel Maffet said the group appeared not to have the same mental and physical problems displayed by the people held in Iran, referring to the hostages kept for 444 days after the seizure of the U.S. Embassy in Tehran in 1979.

The pilot of the plane that flew the former captives out of Damascus said they departed so quickly that they left more than half their luggage behind because of concern that Lebanese militiamen might menace the plane.

He said the purpose "has to be not to conduct a random act of vengeance but instead to focus our power on dealing with the root sources of terrorism. Where people are trained, where they are housed, fed, sustained over time."

Just before his speech, Mr. Reagan placed a telephone call to the C-141 carrying the former hostages, a White House official said, and asked the crew to tell the passengers of his concern for them.

Mr. Shultz, discussing American efforts to combat terrorism, said that 15 percent of the hijackings outside the United States in the last 15 years had either originated, ended or gone through the Beirut airport.

"The Beirut airport has become a kind of safe haven for terrorism," he said, and the world community should consider not using it.

■ Iranian Connection Seen

Mr. Shultz said Monday that Iran "clearly had connections with the people" who hijacked Flight 847, and that he believed President Hafez al-Assad of Syria was working to free the remaining hos-

Reagan Quips About Force to Free Hostages

(Continued from Page 1)

WASHINGTON — President Ronald Reagan says that, having seen a new movie about a Vietnam War veteran's battle to free American prisoners of war, he will "know what to do the next time" Americans are taken hostage.

While waiting Sunday to begin a radio address on the release of the American hostages held in Beirut, Mr. Reagan said: "After seeing 'Rambo' last night, I know what to do the next time this happens."

Rambo: First Blood Part II, stars Sylvester Stallone as a Vietnamese veteran who rescues American prisoners of war held in Southeast Asia.

Mr. Reagan was chatting with technicians when he made the comment.

Major Leroy Edwards Jr., said on arrival in Frankfurt that U.S. officials were worried that militiamen who had accompanied the hostages' automobile convoy through to Damascus from Beirut might try to approach the camouflaged American C-141B Starlifters military transport.

"We don't want them to come to the aircraft," Major Edwards said. "We weren't sure the Syrians would be able to control them. It was a rushed take-off."

(AP, UPI, Reuters) ■ Flight Attendant Praised

Uli Derickson, the senior flight attendant on hijacked TWA flight 847 who was mistakenly criticized for her role in the ordeal, was praised as a "very special person" by several of the newly freed hostages at a news conference before they left Damascus, The Associated Press reported.

Miss Derickson, who communicated with the hijackers in German in the early stages of the June 14 hijacking, was erroneously charged in the Israeli Knesset and elsewhere with helping the gunmen identify passengers with Jewish-sounding last names.

Allyn Conwell, a hostage spokesman, said he believed Miss Derickson saved several lives.

Poland Ups Meat Prices; Protest Call Little Heeded

United Press International

WARSAW — Increases in meat prices and a strict new law against illegal protests took effect in Poland on Monday. There was no evidence of a widespread response to a call by the Solidarity movement for a brief strike protesting the price rises.

Independent sources in the port of Gdansk said that about 80 percent to 90 percent of the 12,000 workers at the Lenin Shipyard stopped work for an hour.

But a government spokesman said there was no stoppage at the yard where Solidarity was founded, or anywhere else in Poland.

"No signal was received by noon about a single protest in the country," the spokesman said.

The banned Solidarity trade union movement had called for a brief strike to protest a 15-percent increase in the price of meat.

Lech Walesa, the founder of Solidarity, who works as an electrician at the Gdansk shipyard, had backed the calls for a protest.

"I can only say that I am very satisfied with the stance of the shipyard workers and I am sure that Solidarity's ideals will win," Mr. Walesa said in statement.

A group of 30 retired persons began a hunger strike at St. Jacob's church in Gdansk to protest the food price increases and government actions against Solidarity.

The new law empowers courts to impose jail sentences of up to two years for people convicted of participating in illegal gatherings or disregarding warnings by police to disperse. Previously the maximum sentence for such offenses was three months.

The increases in meat prices come at a time of inflation and diminishing value of the Polish currency, the zloty.

But the budget cuts were not fully implemented. The government continued to pump money into the economy to cover its deficit. Through the first five months of 1985, the consumer price index has risen by 70 percent, not significantly less than the inflation rate in early 1984 when there were no government controls.

The increases will allow the government to reduce the subsidies it pays for food production from 300 billion zlotys (\$1.88 billion) to 275 billion zlotys annually, the news agency PAP reported.

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U.S. Republicans, Victorious and Confident, Have a Dream: To Be Majority Party

By David S. Broder
New York Times Service

ATLANTA — Leaders of the Republican Party, which is flush with cash and confidence, are moving to exploit what many of them consider a historic opportunity to become the majority party.

But they concede that this opportunity is threatened by possible

NEWS ANALYSIS

problems with the economy and a fight, already starting, for the succession to Ronald Reagan.

A contrast in mood last week between the meetings of the Republican National Committee here and the Democratic National Committee in Washington was as great as the gap in last year's presidential results.

Amid a revival-meeting atmosphere in an ultramodern skyscraper hotel, Republicans welcomed into their midst a Louisiana legislator who resigned as a member of the Democratic National Committee early last week, and six present and former Georgia officials who switched from the Democrats.

"A Republican tidal wave is sweeping the nation," said Frank J. Fahrenkopf Jr., the party chairman.

In their far less glamourous Washington hotel ballroom, Democrats dismissed the prominent party-switchers in Texas, Michigan, Massachusetts, North Carolina

Conservative Unit Faces Debts as Donations Drop

By Thomas B. Edsall
Washington Post Service

WASHINGTON — The National Conservative Political Action Committee, once the leader among rightist political action committees, is deeply in debt at a time when the cash flow to conservative organizations has slowed to a trickle.

According to the most recent reports filed with the Federal Election Commission, the committee, known as NCPAC, was \$4.2 million in debt at the first of the year, with the largest debts owed to Richard A. Vigerie's direct-mail company (\$1.44 million) and to Response Graphics of Cleveland (\$1.76 million).

Also, two studies say that the committee, which has said that it spent more than \$10

million on President Ronald Reagan's 1984 re-election campaign, apparently spent most of the money on millions of letters using Mr. Reagan's name to raise funds for NCPAC itself.

A study by Michael Malbin of the \$10.1 million spent by the committee on the 1984 presidential race showed that 85 percent of the cash was used for "mail services and printing" while only 8 percent went to advertising and other expenditures.

Mr. Malbin, resident fellow at the American Enterprise Institute, wrote that papers filed with the election committee by NCPAC and another conservative group, RightPAC, "look suspiciously like two PACs using Reagan's name for their own fund-raising and then reporting the activity as an independent expenditure."

Ronald Brownstein of the National Journal reported that NCPAC had sent out 28 million letters through the Vigerie company, many of which read: "Do you want President Reagan to be re-elected? ... A \$15 contribution will let us mail over 42 letters to voters." A contribution of \$25, it said, "will pay for air time to run one radio advertisement," while \$500 "will cover the full production costs of a 30-second commercial."

Instead, Mr. Brownstein said, the cash "was earmarked solely for additional mailings in search of further new donors." Mr. Brownstein quoted Leif E. Noren, NCPAC's executive director and treasurer, as acknowledging "that particular section" of the organization's mailing was "misleading."

The state Democrats hope to raise \$1 million, but they have a \$550,000 debt and a staff of a few executive director and a secretary.

In the newest Washington Post-ABC News Poll of 1,500 voters, completed about two weeks ago, 48 percent said they considered themselves Democrats or leaned to the Democrats; 45 percent were Republicans or leaned to that party.

This is not the first time that Republicans have almost drawn even in that basic measure of party identification. They did so in 1981, after Mr. Reagan's first victory, then saw the converts become disaffected during the recession.

It was evident at the Republican National Committee meeting that party leaders were feeling the pressure of the search for a successor.

The Texas Republican chairman, George W. Strake, a Houston neighbor of Vice President George Bush but a philosophical ally of Representative Jack Kemp, a New York Republican, said: "I don't want to face that choice. After '86, I'm tempted to take a two-year hunting trip to Alaska."

contests, is the gap between the parties at the state level.

In New Jersey, the site of one of this year's key gubernatorial and legislative contests, the Republicans' state committee has a budget of more than \$2 million, is free of debt and has an 11-member staff, including five field organizers.

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Peter J. Scoccia, Republican National Committee member from Michigan, said that the recent Midwest Republican conference, which brought Mr. Bush, Mr. Kemp, Robert J. Dole, the Senate majority leader, and Pierre S. du Pont 4th, a former Delaware governor, to Grand Rapids, "got people thinking so much about the 1988 fight they've forgotten we have a governor's race next year."

"It seems," Mr. Scoccia added,

"whenever things are going well for us, we just can't wait to start tear-

ing each other apart."

U.S. Bars Public Aid to Religious Schools

United Press International

WASHINGTON — The Supreme Court ruled Monday in two cases that having public school teachers give special classes at religious schools violated the constitution's requirement of separation of church and state.

The rulings, both 5-4 divisions of the justices, are the latest in a series of high court decisions on the subject, and in each case represented a defeat for the Reagan administration.

One case involved a state-funded program in Grand Rapids, Michigan, that sends public schoolteachers into private religious schools for remedial and enrichment classes. The other concerned the use of federal funds to provide remedial instruction to disadvantaged youngsters who attend religious schools in New York City.

In the New York case, the majority held that although the U.S. program promotes worthy goals, the

percentage of Americans who believe the country is on the right course, and who approve of Mr. Reagan's leadership, were down from 1984 highs by 13 and 9 points.

The public mood is "full of promises" for the Republicans, Mr. Wirthlin said, but also "full of concern." He noted that the economic recovery will be 33 months old in September, the terminal point for the average growth cycle since World War II.

For many Midwest Republicans, the farm crisis is a source of worry.

McDill Boyd, a Kansas representative of the Republican National Committee, said, "The farmers are very,

very patient now, and they're not blaming anybody. But another year of hammering, they'll be ready to retaliate."

Carl L. Gillis Jr., a Georgia member of the Republican National Committee, said the prospect of annual \$200-billion deficits was so scary that personally, "I'd just as soon let the Democrats have it [the presidency] in 1988. I'm just afraid that, if we're in power when it [the crash] comes, we may be dead for 25 years."

Whatever the future, today's picture is the most favorable in decades for the Republican Party,

sending of public teachers to religious schools covered or removed all religious symbols from the walls of classrooms in the religious schools, and in Grand Rapids signs reading "public school" were posted.

Writing for the majority in the Grand Rapids case, Justice William Brennan said the program overstepped the constitutional line between allowable governmental accommodation of religion and religious aid.

The symbolic union of church and state inherent in the provision of secular, state-provided instruction in the religious school buildings threatens to convey a message of state support for religion to students and to general public," the court said.

The community education program involved private schoolteachers who taught leisure activities such as arts and crafts, on religious school property after regular school hours.

The court majority said that the community education program was unconstitutional because "there is a substantial risk that, overtly or subtly, the religious message [teachers] are expected to convey during the regular school day will taint the supposedly secular classes they teach after school."

The "shared time" program, although structured somewhat differently, also poses a substantial risk of state-sponsored indoctrination," the court said.

In a dissenting opinion in the New York City case, Chief Justice Warren E. Burger said: "Under the guise of protecting Americans from the evils of an established church such as those of the 18th century and earlier times, today's decision will deny countless schoolchildren desperately needed remedial teaching services."

In both programs, school authorities covered or removed all religious symbols from the walls of classrooms in the religious schools, and in Grand Rapids signs reading "public school" were posted.

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It is illegal to sell a firearm to a convicted felon. In this case the buyer, who has served prison terms for armed robbery, possession of a sawed-off shotgun and assaulting a police officer, signed a false name to a statement that he had not been convicted of a crime, but he was not asked to provide proof of identity.

Mr. Agnos has introduced a bill that would require all handgun sales in California to be made through a dealer, with a mandatory 15-day waiting period and background check.

A companion bill would ban the sale, transfer or possession of any

semiautomatic "military assault weapons" such as the AR-15, the M-16 and similar weapons, including the semiautomatic Uzi, the Israeli assault weapon originally designed as a machine gun, which can be restored to that mode with conversion kits that are readily available.

Such legislation is opposed by gun advocates. Their attitude toward such laws, and the aggressive attitude of weapons enthusiasts in general, is reflected in posters and T-shirts for sale at gun shows like the one in Dallas.

A poster warns, "If you are found here at night, you will be found here in the morning."

Another T-shirt urges, "Join the Marines. Travel to exotic, distant lands. Meet exciting, unusual people. And kill them."

At a gun show last month in Stockton, California, Mr. Agnos, paying in cash and without providing any identification, bought a .32-caliber Beretta automatic pistol identical to one that was used to shoot him in 1973, in a wave of random violence known as the Zerba attacks that included 14 murders and seven armed assaults.

While Mr. Agnos was buying

that weapon, another man, a convicted felon, used \$150 to assemble gun provided him to buy another automatic pistol at another

gun show at which he was not asked to provide any other form of identification.

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INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

A Europe-Wide Market?

The European Community's founding fathers, with a slightly Marxist interpretation of future history, maintained that it was through economic linkage that political unity would be approached, not vice versa. Of the two main economic proposals discussed at the summit in Milan, one is peripheral but the other central to Europe's future.

Can Europe keep up with America and Japan in high technology like communications and data processing, while the Third World moves forward in the traditional industries? Allegedly it cannot unless individual countries and firms join in cooperative research and development. Hence the suggestions for the Community to encourage joint research in selected high-tech areas, with the taxpayer helping to foot the bill.

The theory is that research and development is so costly — and the lead time before profits accrue is so long — that Europe's small and dispersed high-tech firms will fall behind unless they are linked from on high.

Remembering Concorde, the beautiful but uneconomical white elephant, one can be suspicious of marriages arranged in heaven. Are governments likely to make better expenditure decisions than the market?

More fundamentally, why is Europe falling behind? Not for lack of research: It spends about as much on high-tech research as America, and the quality is excellent. The problem lies more in the practical application of results — the readiness of firms to risk money afterward. American and Japanese firms take the risks because their home markets are big enough to offer substantial

profits to the successful, enabling them subsequently to launch vigorous export drives.

Potentially, Europe has a large home market, too — scarcely smaller than America's and bigger than Japan's — but it is fragmented between individual nation states. It does not tempt firms to embark on capital expenditures in industries that could only be profitable on a continental scale. Trade across the continent is thwarted by a range of barriers. Where high tech is concerned, a main barrier is the insidious nationalism that governments pursue in their own purchasing policies. For in these industries the major consumer is either the government or a group of purchasers over whom governments have easy control, and the state usually ensures that purchases are made from firms within their own borders. So long as this persists, Europe's producers will be working within limited horizons, and limiting their ambitions accordingly.

Innovation depends on the general economic climate rather than on governmental gimmicks. That is why the second proposal considered at Milan last week is so important. If Europe could achieve real freedom for the movement of goods and services, one would no longer have to think up suspect intergovernmental schemes to encourage firms to innovate. It would happen automatically. The proposals of the EC Commission to make Europe a trading reality by 1992 constituted the most promising initiative at the summit. Five hundred years after Columbus sailed the Atlantic is none too soon.

INTERNATIONAL HERALD TRIBUNE

Elegant Lies, Harsh Truths

It took some elegant lies for Ronald Reagan, Nabih Berri, Shimon Peres and Hafez al-Assad to arrange the release of the 39 hijacked Americans from Beirut, but admiration for the four leaders' agility should not obscure the harsh truths that linger.

The leaders produced an agreement that Mr. Berri will hold up to Shiites as a prisoner exchange. They extracted the hostages in a way that President Reagan can forever call unconditional. They guaranteed Israel's release of its Lebanese prisoners in a way that Prime Minister Peres can call strictly voluntary. By reciting all these promissory notes, President Assad emerges as the main winner, with new recognition of his dominance over Lebanon.

This path out of the immediate crisis was pretty well marked from the moment Mr. Berri's Amal militia took charge of the hijacked plane. But, no matter how predictable the end game was skillfully played by the principals. Leaning flexibly left while feigning rigidity to the right, all managed to appease conflicting impulses and constituencies.

Mr. Berri had to produce a ransom for release of the TWA crew and passengers, but he contrived to give up the first coin. President Reagan forewore "negotiations with terrorists" but went quite a way toward meeting their terms. Prime Minister Peres vowed to yield his prisoners only if the United States openly requested it, but he was willing to respond to any effective boycott. Such indifference anywhere puts air travelers at risk everywhere.

The crisis, in short, is by no means ended. The hardest policy decisions lie ahead. Some things simply cannot be double-talked away.

— THE NEW YORK TIMES.

Other Opinion

Europe Has No Time to Lose

The establishment of organic democratic relations among six European countries (the number has since doubled) had no historical precedent and remains unique. But the proof of motion is movement. Either Europe will become what it aspired to be at the start — that is, a genuine common market to support political and economic strength that can match the superpowers — or it will have to settle, while it awaits its inevitable disruption, for being a mere agent (as in the case of steel or farm prices) for sharing out the repercussions of its decline as a world power.

All the experience of these past few years shows that time lost on the international scene cannot be regained. Only by acting together can the countries of Europe escape decline. Eureka is a good thing, but not good enough. The "qualitative jump" that we hear so much about must come quickly.

— André Fontaine in *Le Monde* (Paris).

The summit in Milan has ended in the worst possible way. Its task was to work out ways of

easing and speeding decision-making in the future by emphasizing or expanding the role of majority voting and by reducing or restraining the right of national veto. Instead it wound up as a contest of wills, with nothing decided and with the Six and Ireland lined up against Britain, Greece and Denmark.

— The Financial Times (London).

Air Terrorism Can Be Curbed

The major countries of the world have a remedy available if they are serious about preventing to prevent air terrorism. They can agree [to] order their airlines to boycott any airport where security measures are not strictly carried out. For this to work will require an unprecedented degree of cooperation. That cooperation is by no means assured. There is big money involved in air transportation, and some countries and some airlines would probably prefer to risk planes, crews and passengers rather than jeopardize revenue. But notice has again been served: Air terrorism exists

in a society where reputation

FROM OUR JULY 2 PAGES, 75 AND 50 YEARS AGO

1910: New Small Farms Get Backing
ST. LOUIS — That Mrs. Russell Sage, widow of the financier, has signified her intention of financially aiding the National Farm Homes Association, organized in St. Louis some two months ago for making the acquisition of small farms a possibility to men of limited means, was the statement credited [on June 20] to Mr. John H. Curran, State Immigration Commissioner. The National Farm Homes Association is organized to provide worthy men with forty-acre farms, to be sold on easy terms. These farms will be grouped around an occasional large one of 160 acres, operated by agricultural experts, whose instruction and advice will be at the service of the settlers. In this way it is planned to interest city people of small means who would be glad to make the change, but who know nothing of farming.

1935: Same Old Economic Advice
PARIS — The remedies for the depression, as embodied in the resolutions adopted by the International Chamber of Commerce, are as obvious as the evil itself. They have been proposed over and over again during the last ten years. Exchange stabilization, balancing of budgets, cutting of public expenditure, debt settlement and removal of trade restrictions are some of these remedies, whose efficacy no one doubts. By including them once more in its final resolution [on June 30], the International Chamber of Commerce set the seal of considered expert opinion upon a number of ideas. Previous experience, however, has shown that governments are not likely to respond with positive action to the resolutions of the Paris congress. The world economy will continue to jog along in the same irrational way as before.



Terrorism: The Tribal Disregard for Human Life

By Clinton Bailey

TEL AVIV — Hostage-taking and other forms of terrorism are sometimes called "the weak man's warfare." It might be more apt to define terrorism as "the barbarian's warfare." Civilized people recoil from using the term "barbarian" in an age of cultural relativism, but equating terrorism with barbarianism — or tribalism — may help us understand how it works and how best to deal with it.

Consider the hijacking of TWA 847 by extremist Lebanese Shiites. Terrorism is not limited to Arab and Islamic countries, but much Middle Eastern terrorism can be traced to the tribalism that still colors the politics of that region.

Tribalism was the natural state of the desert-dwelling nomadic Arabs before they settled more permanently in the early years of Islam, and it has never disappeared.

The nomad's fierce independence and ruthless concern for narrow interests are still apparent — and have meant that Middle Eastern governments are rarely able to function as ultimate authorities. In Arab states, as among nomads, personal security before they settled more permanently in the early years of Islam, and it has never disappeared.

The kidnapped Americans have been held for weeks and months by groups that seem to be beyond the easy reach of either Mr. Berri or Mr. Assad. They seek a ransom that America cannot and should not pay: the release of 17 Shiites who bombed the U.S. and French embassies in Kuwait last year. The path home for these Americans is by no means clear.

Meanwhile, four hijackers who killed two Americans aboard a Kuwaiti airplane in Tehran last December enjoy the protection of Iran. The mystery of a fatal bomb carried to Tokyo aboard a Canadian plane on June 23 has not been solved. Neither has the mysterious explosion that killed 329 people aboard an Air India flight to Europe. America's fateful effort to punish Iran for torturing serial murderers seem to have been frustrated by other governments, who refuse to consider any effective boycott. Such indifference anywhere puts air travelers at risk everywhere.

The crisis, in short, is by no means ended.

The hardest policy decisions lie ahead. Some things simply cannot be double-talked away.

means security, reputation takes precedence over all other values, including human life. Indeed, the parties in a tribal conflict do not view the casualties they sustain as losses but rather as gains: Their ability to suffer casualties and yet prevail in the conflict promotes their reputation for relentless and is a main component of their strength.

In the endless, bloody civil war over redefinition of power in Lebanon, the sides have done everything except stop to ask themselves if their losses through war are not more than they could ever lose through compromise. The same is true of the Iran-Iraq war.

Even tribesmen, however, do not fight forever or in any circum-

Some Violence Is Less Widely Aired

TO HIJACK a civilian airliner and hold its passengers hostage is, for most of us, a wholly unacceptable face of violence. Added to the unacknowledged trauma of flying, it conjures up a nightmare where all normality is suspended. We can too easily imagine ourselves there.

But the nightmare of violence for the great majority of the world's population assumes a very different form. It may be the arrival of soldiers in one's village, or the destruction of one's home by an unexplained bomb, or being taken away by police on the word of an informer and locked up in a notorious camp to suffer torture. Such experiences have been part of the Shiite share of violence in recent years.

The violence on the Beirut runway was, thanks to modern technology, unequivocal. For the first time in such incidents, Western media could even copy a tape which recorded the suffering of an innocent passenger being beaten before his death. The evidence of violence in southern Lebanon has, of course, never been so electronically evident.

— John Gittings in *The Guardian* (London).

When It Suits Them, Sparring Powers Can Agree

By Flora Lewis

GENEVA — In the midst of renewed stridency between Moscow and Washington, the two have managed to agree on how to face the possibility of nuclear terrorism. And Vice President George Bush told a conference in Geneva on Saturday that there is a search for a Soviet-U.S. "consensus" that terrorists who use or threaten to use nuclear weapons be dealt with jointly and swiftly.

Terrorism is increasing and so is the danger of involving a nuclear weapon. America and Russia accept their common interest in not letting someone else trigger a catastrophe.

A little-noticed communiqué at the end of the Standing Consultative Commission's meeting in Geneva last month announced that the two countries have signed "a common understanding" of their obligations as they should be a nuclear incident.

The SCC, which meets twice a year, is the official Soviet-U.S. body for complaints about noncompliance with arms treaties and for proposals to improve their execution. It is not involved with talks on new treaties.

In the "understanding," the two sides promised to tell each other immediately, presumably on the hot line, all they know about any "unauthorized" nuclear blast or threat.

This is to prevent the risk of retaliation due to one side's mistaken suspicion that the other has launched a sneak attack. Terrorists might provoke that, by accident or mad design.

The SCC also signed an understanding "intended to further enhance the visibility" of the Anti-Ballistic Missile Treaty. This move was somewhat surprising in view of mutual accusations and the failure so far of the Geneva arms negotiations to start moving. The United States says the Russians are violating the treaty by building a forbidden radar, and the Russians say the United States has launched an "open conspiracy" to violate it with "star wars."

It is a measure of how strained relations still are, and how deep the mutual suspicions, that neither side wants to call attention to the fact that they have recently been able to reach some small agreement.

There seems almost to be shared embarrassment in admitting a step forward. The big propaganda trumpets are all blaring out how intransigent each side finds the other. Each is insisting that it is up to the other to make the next move. Meanwhile, negotiations are marking time.

Mikhail Gorbachev has hinted at another walkout. The United States is not taking the threat seriously. But there is a danger that this public posturing will reach a point where Moscow feels it has to act or lose face.

Up to now the negotiations have served mainly as a platform for public recrimination. A propaganda war doesn't kill anybody, but it does increase the chance of adding still more to the grotesque nuclear arsenals on both sides. The astronomer Carl Sagan calculates that the arsenals are already "many tens of times" above the level that would cause nuclear winter if they were set off.

Russians and Americans can see

that they dare not let somebody they cannot control move in on the nuclear menace game. But they cannot see how to reduce their mutual menace.

There is not even much awareness of each other's preoccupation. U.S. officials analyzing Soviet behavior tend to assume it is all about manipulating opinion in the West. But the chances are that Mr. Gorbachev is more concerned now with his problems at home. He made two important speeches recently at the late Konstantin Chernenko's home base

of Krasnoyarsk and at the late Leonid Brezhnev's base of Dnepropetrovsk, both big military industrial centers. The species expressed his effort to launch important personnel changes and revise the economic plan. He had a deadline if he is to win elbow room to make his ideas work: the party congress next February.

But Mr. Gorbachev was deliberately tough toward the United States so as to placate the stubborn old men whom he is trying to swallow some hard domestic decisions, he

failed to appreciate the impact outside the U.S.S.R. It is hard to tell whether Moscow is again miscalculating Western reaction as it did during its campaign against Euromissiles, or just doesn't care.

The SCC "understanding" showed that some agreement can be reached when it is seen to be in the urgent common interest. The United States and the Soviet Union are right to seek control over any possible nuclear terrorists — but one wonders if they are really in control of their own monstrous nuclear sausage-machines.

The New York Times.

And They May Even Mine a Summit

By Lou Cannon

WAshington — Tentative U.S.-Soviet agreement for a summit meeting in Geneva in November follows months of quiet negotiations in which each side struggled unsuccessfully to play the host.

On the day Mikhail Gorbachev took over from the Soviet leadership, he was invited by President Reagan to come to Washington. The Soviets quickly made clear that Mr. Gorbachev was not interested in traveling to the United States, either to Washington or to the autumn session of the UN General Assembly in New York. Soviet experts in the Reagan administration think the Kremlin's stand may have reflected both Mr. Gorbachev's concern with economic difficulties and an unwillingness to give Mr. Reagan the propaganda advantage of having a summit on U.S. soil.

Mr. Reagan, who has his own difficulties, took a similar view. A White House official quoted him as saying he did not want to "pay court to the Soviets" by going to Moscow.

The Geneva get-together, if it comes, will probably be described by Reagan administration officials as a "meeting" rather than a "summit." This word game is intended to lower expectations so that the meeting can be called worldwide even if few tangible agreements result.

Expectations are low because arms control talks appear to be in an impasse in Geneva. Both sides are repeating old proposals, and the Soviets are insisting that they will not deal unless Mr. Reagan scraps his "star wars" plans for missile defense.

There appears to be symmetry in the behavior of Mr. Reagan and Mr. Gorbachev, neither of whom is a slouch at public relations. U.S. and Soviet officials have suggested that the two leaders see a potential propaganda advantage in a meeting and a corresponding disadvantage at being portrayed as unwilling to hold one.

For Mr. Reagan, the commitment to a summit is the political residue of the "peace campaign" he waged in 1984, when longtime advisers Stuart Speer and Michael Deaver joined Nancy Reagan in a successful effort to blunt the Democratic portrayal of the president as an intransigent anti-Soviet warrior. The first step was toning down the Reagan rhetoric. The second was to arrange a meeting between Mr. Reagan and Foreign Min-

ister Andrei Gromyko in the White House. It was the first time during Mr. Reagan's presidency that he met a member of the Soviet leadership.

In a second term in which Mr. Reagan's gaze is firmly fixed on the history books, the line is that it is useful for a U.S. president to seek his Soviet counterpart even if he has nothing particular to say to him.

Some in the administration held that Mr. Reagan should make the bold move of accepting an invitation to Moscow, thereby putting the Soviets under pressure from international opinion to produce results at a summit on their own turf. But caution prevailed, as it usually does when Mr. Reagan is dealing with the Soviets.

The judgment at the White House

is that a get-acquainted meeting has the value of letting the two leaders take personal measure of each other.

If "results" are seen as a political necessity, it would be relatively easy for both superpowers to approve so-called confidence-building measures that provide better military warnings in times of crisis. The Reagan administration could also endorse two long-respected but unratified treaties regulating underground nuclear blasts.

This is thin gruel at a time when both sides are resolutely stocking ample nuclear arsenals. But considering how far apart the two sides remain in Geneva, a low-expectations meeting may be better than none at all. At least this is the negative logic that rules the day as the superpowers drift toward a summit that may not be deserving of the name.

The Washington Post.

and defense outlays as bribes that reward compliance with U.S. policies or as blackmail that coerces acceptance of them? These policies frequently reveal a lack of understanding for any position that does not serve what Washington feels is the U.S. interest of moment. Have we become so cynical that we count as "friends" only those nations that support our latest policy revisions despite their own interests or commitments?

The arrogance of Senator Robert J. Kasten Jr. ("UN Friends Can Easily Be Counted," June 21) is exceedingly dangerous in an era of global uncertainty when all nations should be trying to understand the substantive issues that keep us apart.

JOHN WEAVER.

Bonn.

There is nothing very original in Senator Kasten's views, but it is disconcerting to see them given new currency. May we hope that Vernon Walters will learn that opposition to U.S. positions in the United Nations is not unconnected to the policies that those positions advocate. Unless the policies are changed, the United States is certain to become even more isolated in all world forums.

PETER B. KOMIS.

Athens.

Bribes and Blackmail?

e Friend
e Dang
German

India, in New Approach, Urging Both Sri Lanka, Tamils to Compromise

By Stuart Auerbach
Washington Post Service

COLOMBO, Sri Lanka — India is making a three-pronged effort to end the ethnic dispute that has brought this island nation to the brink of civil war.

It is pushing President Junius R. Jayewardene to be more conciliatory toward the Tamil minority's demands for more regional autonomy in areas where they live, urging Sinhalese opposition politicians to support government moves and clamping down on Tamil separatist fighters and the more moderate Tamil leaders who have taken sanctuary in the southern Indian city of Madras.

At the same time, New Delhi reassured the Jayawardene government that it opposed the separatists' aims of setting up a Tamil state, Eelam, in Sri Lanka's northern and eastern provinces. It also said it would not go along with proposals to have those two provinces joined as one, which would give the Tamils greater control over them.

New Delhi is now bringing all sides together in Thimpu, the capital of the Himalayan kingdom of Bhutan, for a week of peace talks early this month aimed at ending the yearlong pattern of Tamil attacks and government reprisals that has turned this island into a battleground.

This India is playing a major role in trying to settle the long-standing and increasingly bloody differences between the Buddhist Sinhalese, who form the vast majority of Sri Lanka, and the largely Hindu Tamils, with their close ties to the Tamil community in the southern Indian state of Tamil Nadu.

This new approach reflects the changed policies of Prime Minister Rajiv Gandhi toward India's smaller, less powerful South Asian neighbors and stands in stark contrast to the position of his mother, the assassinated prime minister, Indira Gandhi.

Mrs. Gandhi's government had supported Tamil proposals for a larger role in the Sri Lankan government and had objected to stringent security measures imposed by the government after riots in August 1983 that killed 300 people. Sri Lankan officials also had alleged that Mrs. Gandhi's government had tolerated camps in southern India that trained Sri Lankan guerrillas.

The Sri Lankan minister of national security, Lalith Athulathmudali, called Mr. Gandhi "the most positive statesman any Indian prime minister has made."

"It is a clear recognition that Eelam is not in India's national interest. So the Eelam movement must negotiate," he continued.

The new message from India was

not lost on people in Jaffna, the almost completely Tamil city on the northern Sri Lankan peninsula where the separatist movement has drawn its greatest support.

"Now the government is happy because Rajiv Gandhi has openly come out that he is not in favor of Eelam. Without the support of India, the militants cannot do anything," said the Most Reverend B. Deogaminai, the Catholic bishop of Jaffna who is considered by the government here as a strong supporter of the militant fighters.

But the highly visible Indian role in trying to solve Sri Lanka's ethnic differences carries great risk to Mr. Gandhi, who faces a possible backlash in four southern Indian states that have close ties with Tamils here and are ruled by regional parties not under his control.

"Rajiv Gandhi has gone way out on a limb," said a well-informed Asian diplomat here.

It took more than five months for Mr. Jayawardene, 78, to accept the Gandhi government's offer to help bridge the widening gap between the Tamils and Sinhalese.

Mr. Jayawardene's meeting early last month in New Delhi with Mr. Gandhi, 40, was the turning point.

Mr. Jayawardene, who was suspicious of Indira Gandhi, has developed a trust in Mr. Gandhi, who gave him specific assurances that led to the declaration of a cease-fire two weeks later.

The massacre by Tamil fighters on May 14 that left nearly 130 Sinhalese civilians dead in the north central town of Anuradhapura, one of the most revered Buddhist shrines in Sri Lanka, also apparently played a part in making the government accept the Indian offer for talks.

This was the first time the Tamils had moved out of territory they considered friendly to kill Sinhalese civilians. According to diplomats here, their action left both the government and the Buddhists monks shaken.

Now, for the most part, the killing has stopped as the cease-fire has largely been honored by the government and the Tamils.

The opposition Sri Lanka Freedom Party, headed by Amara Bandaranaike, opposes a settlement and accuses the government of selling out Sinhalese interests. But that party, which had been headed by Mr. Bandaranaike's mother, Sirimavo Bandaranaike, a former prime minister, long maintained close ties to India. The two leaders are expected soon in New Delhi to confer with Mr. Gandhi.

The militant Tamils, realizing that they will have to accept far less than the separate state they want, are restive about a settlement, with four of the five major fighting bands balking at attending the talks in Thimpu.

Man Held in IRA Blast, 6 Others Appear in Court

Reuters

LONDON — Police marksmen guarded a London courthouse on Monday and a police helicopter hovered overhead for the first appearance of a Belfast man accused of planting a bomb that killed five persons but narrowly missed Prime Minister Margaret Thatcher and members of her cabinet.

Patrick Joseph Magee, 34, who is charged with placing the time bomb that ripped through the Grand Hotel in Brighton last Oct. 12, arrived in court wearing only a pair of shorts under a rough brown blanket slung poncho-style around his neck.

Two other men, Gerald Patrick Michael McDonal, 34, and Peter John Joseph Sherry, 30, charged with conspiring to cause explosions this year, were similarly dressed. No pleas were taken and all three men, as well as four other persons, were remanded in custody until Thursday.

Police with dogs searched everyone entering the courthouse. The accused smiled and waved at three relatives in the public gallery. As he was led away, Mr. Magee gave a clenched-fist wave.

All told, seven persons appeared in court. Marjorie Elizabeth Anderson, 23; Ella O'Dwyer, 26, and Dolal Doofie Craig, 27, faced the same charges as Mr. McDonal and Mr. Sherry.

A third woman, Cecilia Lowney, 21, was charged with withholding information about an act of terrorism in Northern Ireland.

DEATH NOTICE

Mrs. Marcia Gossline, his wife, and his family, regret to announce the death of Douglas GOSSLINE, attorney, on June 26, 1985. Burial services will be held at 11:30 a.m. on Saturday, June 27, 1985, at the cemetery, 21150 Les Larmes.

Bokassa Loses His Autobiography to Court-Ordered Flames

By Richard Bernstein
New York Times Service

PARIS — Jean-Bedel Bokassa, the former leader of the Central African Republic who proclaimed himself Emperor Bokassa I, looked on last week as more than 8,000 copies of his newly published autobiography were burned in three garbage bins.

The action resulted from a court ruling last month that Mr. Bokassa's book contained passages that defamed former President Valéry Giscard d'Estaing of France. The libel case was brought by Mr. Giscard d'Estaing in a Paris court.

Mr. Bokassa, who ruled the Central African Republic for 13 years before he was deposed, said last week of Mr. Giscard d'Estaing, "I am declaring war on him in Paris."

"The destruction of this book is the political destruction of Giscard d'Estaing," Mr. Bokassa told *Agence France-Presse*.

"For 12 years we were friends," Mr. Bokassa said. "I welcomed him to my home. I gave him diamonds. He has cheated me, chased me from my country."

Mr. Bokassa was at the center of a furor in French politics several years ago when it was disclosed



Jean-Bedel Bokassa

The destruction of this book is the political destruction of Giscard d'Estaing.

—Jean-Bedel Bokassa
Former emperor of the Central African Empire



Valéry Giscard d'Estaing

overthrown in a coup backed by France. He is reported to spend most of his time at a chateau outside Paris, but he has said that he wants to return to his country.

Mr. Bokassa, wearing a three-piece beige suit and a large piece of diamond-encrusted gold jewelry suspended from a chain, was driven in a Mercedes-Benz limousine on Thursday to a book warehouse alongside the railroad tracks near the Austerlitz station in Paris.

There, seated on a dusty chair, he watched as a court officer consigned the copies of his autobiography, titled "My Truth," to the flames.

In its decision, the court found that 18 pages of Mr. Bokassa's book contained "inadmissible violations of privacy and extremely serious offenses against the character of the former president of the French Republic."

He told *Agence France-Presse* last week, "I want only one thing, to return to my country. I am the emperor for life of Central Africa. My people are waiting for me. He has not heard the last of me, Giscard."

Mr. Bokassa, 64, was a figure of controversy in his years in power. In 1976, he declared his country an empire and had himself invested as emperor in an elaborate ceremony patterned after Napoleon's coronation. Its cost was estimated to have been from \$22 million to \$30 million.

He was accused of numerous abuses of human rights, including the execution of political opponents. A few months before he was deposed, he was said to have taken part in a prison massacre of 100 schoolchildren who had complained about their school uniforms. There also were reports that he organized and joined in cannibalistic rites.

After he was overthrown, the country was declared a republic again, and Mr. Bokassa was sentenced to death in absentia.

He told *Agence France-Presse* last week, "I want only one thing, to return to my country. I am the emperor for life of Central Africa. My people are waiting for me. He has not heard the last of me, Giscard."

Riot Police In Belgium Are Criticized

Reuters

BRUSSELS — The chairman of a Belgian parliamentary inquiry into the European Cup soccer final disaster in which 38 persons died criticized Interior Minister Charles-Ferdinand Nothomb and police Monday for poor security planning.

In an interview on Belgian state radio, Robert Collignon recommended that Mr. Nothomb correct what he called serious deficiencies in the paramilitary gendarmerie responsible for the section of the Heysel stadium where the disaster occurred.

Mr. Collignon's committee, which held two weeks of public hearings on the events that led to the fatal crowd crush on May 29, is to complete its report by Saturday.

Mr. Collignon, a member of the opposition Socialist Party, said it was "too easy" for Mr. Nothomb to divert blame for security failures onto the Brussels City Council, which owns the stadium.

He said that a security unit within Mr. Nothomb's ministry was "more formal than real," and that there was evidence of serious defects in the gendarmerie's planning.

The committee heard evidence of communications delays and a failure to police the narrow corridor separating terraces in the stadium.

In Madrid, about 40 persons were injured Sunday during clashes between police and Basque football fans after Athletic Bilbao lost the Spanish Cup Final to Atlético Madrid, Red Cross officials said.

Agea Now Says 4th Turk Present At Pope Shooting

The Associated Press

ROME — Mehmet Ali Agca on Monday reversed an earlier refusal to testify further in the trial of seven men he has accused of conspiracy in the 1981 shooting of Pope John Paul II. He said that there was a fourth Turkish accomplice in St. Peter's Square the day he shot the pope.

At first Mr. Agca had testified that only one other Turk, Oral Celik, was in St. Peter's Square. He said later that a third Turk, Omer Ay, was also there. On Monday, Mr. Agca said there was a fourth Turk in the square: "The other man was Sadat Suri Kadem, my schoolmate."

Mr. Kadem is a leftist activist from Mr. Agca's hometown, who is now imprisoned in Turkey, according to court documents.

Mr. Agca did not explain why a leftist would be cooperating with him and other members of the Gray Wolves, a band of rightist Turkish guerrillas.

Severe Fire Hits San Diego

The Associated Press

SAN DIEGO — Thousands of people were evacuated and hundreds were left homeless Monday after a brush fire destroyed up to 70 dwellings in the wealthy Normal Heights section in San Diego. It was the city's worst residential blaze in 20 years, authorities said. Damage was estimated at more than \$3 million.

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Amid Bombings, Corsicans Say They Will Drop Violence

Compiled by Our Staff From Dispatches

dreds of bombings over the last decade in its effort to end two centuries of French rule. Most have been aimed at French property and public buildings.

Although the campaign has damaged property, there have been few casualties.

French press commentators suggested that one reason for the suspension was to avoid damaging tourism this summer. Tourism is one of the island's main sources of income, but it has declined since the violence started.

The four front members made it clear that they would be prepared to resume violent action if political methods did not succeed.

"We have the strength and the organizational capacity necessary to enforce this suspension," one said, reading from a prepared text.

"But we shall make use of the same strength and organizational capacity if the authorities persist in

their policy of negation of our national interest," he added.

The statement said without elaboration that the decision to suspend "military actions" was made because "the evolution of the political situation in Corsica leads once again to the need to take a political initiative."

"The powers that be must, from today, before it is too late, put in place in Corsica the principles which it pretends to defend around the world," the text said. "We are, for our part, disposed to prove our will to reach a political solution. It is up to those powers not to waste this last chance."

The text mentioned a trial scheduled to begin July 16 in Lyon of three front members accused of killing two men in Ajaccio June 7, 1984. In answer to a question about a possible negative verdict, the spokesman repeated that the separatists reserved rights of realization.

Corsica suffers from high unemployment, a weak industrial section and unsteady agricultural base.

Separatists say that Paris has ignored the island's economic troubles, and they say the government has taken a colonialist attitude toward the island. (AP, AFP)

A small hotel on a little street called Rodeo Drive.

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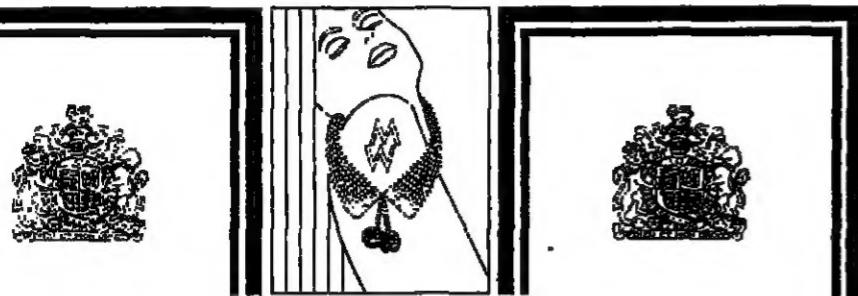
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Q285



George Nicholson

A Man's Yacht Is His Castle— And His Business Office, Too

NEW YORK — In the late 1960s the cosmetics magnate Charles H. Revson and the real estate tycoon William J. Levitt owned two of the largest yachts in the world, Ultima II and La Belle Simone, the latter named for Levitt's wife.

When these two yachts pulled up side by side in the harbor at Monte

mone, reportedly because Revson was not as fond of socializing as Levitt.

Yachts are still the ultimate toys of the very wealthy, but with the advent of modern technology they have taken on a new dimension. They have become floating estates, on which the owner's life and business life are intertwined.

The new yachts, many of which include satellite communications, computer centers, security systems and completely equipped medical facilities, have become a combination of corporate head office and custom-made home. Once used only for cruising, they are now year-round residences.

The tide turned with communications, and 1978 was the breakthrough for more general use and longer use of these yachts," said George Nicholson, who has been building and dealing in yachts for 25 years. "When technology came of age with satellite communications, everything changed."

"Previously, yacht owners got very nervous at being out of touch. They couldn't conduct any business, because anybody could listen in on their radio communications.

Now a lot of women are coming around because of the luxury of these boats," he said. "Comfort has evolved considerably. It used to be that shipyards did their own interior or decorating, which was suited to men but not very attractive to women."

"Now the top yards have, more often than not, a designer imposed on them. So everything is thought through, inside as well as outside. The pile of drawings involving the building of a yacht is now 10 times bigger than it used to be. The trimmings are much more sophisticated."

Better amenities mean improved

bathrooms and bigger bedrooms, "because when you're spending more money on your yacht than you are on your house, there's no excuse for not making your floating home as comfortable as your fixed home," Nicholson said.

The biggest yachts are custom-made from the hull to the engine to the decoration. "Everything is always different," Nicholson said. "There is no production line for large yachts."

The most outstanding yachts in the world, he said, are the Nahila, owned by the Saudi financier Adnan Khashoggi, and the New Horizon I, which belongs to a retired Dutch mail-order magnate, Leon van Leuven.

Both yachts were decorated by Luigi Sturino, a Roman architect and decorator. New Horizon I is 198 feet long and was conceived of, Sturino said, as "an old-fashioned kingdom with the ultimate in modern equipment."

Its sumptuous details include a gilded brass, marble and crystal dining table and Oriental panels in the stateroom, reflecting the tones of van Leuven's Oriental collections.

Sturino, an expert on marble, said \$350,000 worth of it went into the yacht, whose bathtub is a solid piece of marble.

Deny's film presents an upbeat

pop-singer rendition of Orpheus, the poet and musician who went to the underworld to rescue his wife, Eudice, after she was bitten by a

viper.

"I found that there are elements in this myth which correspond with our modern world," said Deny, a soft-spoken man of 54 who sports a cravat and diamond earring. To him, Orpheus was someone like Jim Morrison or David Bowie, pop stars with a cult-like following.

The sudden death of John Lennon left a strong impression on Deny. "It is more than mere coincidence that my Orpheus has a Japanese wife [Keiko Ito] and is assassinated as John Lennon was, that the Bacchantes are like a feminist group and that the deadly viper bite has been replaced by the toxic sting of a heroin needle," he said.

Deny has often used music as a vehicle of expression. Excelling the American directors Vincente Minnelli and Stanley Donen, he pioneered the musical in France and eased French resistance to the genre with such celebrated films as "Les Parapluies de Cherbourg" and "Les Demoiselles de Rochefort."

In keeping with his tradition,

Deny chose Michel Legrand to write the score for "Parking"; it is sung almost entirely by Francis Huster, who makes a feeble attempt to reach Orphic proportions. (The film received less than enthusiastic reviews.)

Deny has had a penchant for legends since childhood. As a boy,

he staged fables on the banks of the River Loire for his friends.

Coccaen's surrealistic fables, such as "Orphée" and "La Bête et la Bête" (Beauty and the Beast), were provocative sources of inspiration for Deny, who not only dedicated "Parking" to Coccaen but also cast Jean Marais, Coccaen's Orpheus, in the role of Pluto.

"It is a means of passing the torch from one generation to another," he said. "If he had refused the part, I would have given up on the idea."

Goretta's dream was to bring the

Orphic theme through Monteverdi's music to a large popular audience. The project was launched, he said, when the Swiss conductor Michel Corboz proposed that Goretta do the stage production of "Orfeo" to be performed at the opera festival in Aix-en-Provence, France, starting July 15.

"I accepted the stage direction

because 'Orfeo' is a masterpiece."

Goretta said. "As a film director, I naturally thought of adapting it for the cinema."

"Orfeo" featuring a young Canadian singer, Gina Quicchio, in the title role, is co-produced by Italy's Istituto Luce and by Gaumont, which also financed Francesco Rosi's "Carmen" and Joseph Losey's "Don Giovanni."

Alessandro Striggio's libretto focuses on the simplicity of the myth of Orpheus.

"It deals with elements common to all of our lives: love, impulsive folly and death," Goretta said. "It is a love story, yet death is ever-present."

Orpheus, defying the gods, entered hell and, by the power of his song, seduced Pluto into releasing

Eudice on condition that he not look back at her before leaving the

underworld. Orpheus yielded to

Orpheus Returns: Demy and Goretta Use Myth as Inspiration in New Films

By Elizabeth Ayre
International Herald Tribune

PARIS — Just as 1983-1984 belonged to "Carmen," with at least four film versions, 1985 seems to be the year of Orpheus. The Greek myth has inspired the French director Jacques Demy, whose film "Parking" was recently released, and the Swiss filmmaker Claude Goretta, who has just completed shooting Monteverdi's "Orfeo."

It had been 25 years since the Orpheus legend provided the inspiration for any major film, much less two. Notable among the earlier versions are "Orphée" (1930) and "Le Testament d'Orphée" (1960), both directed by Jean Cocteau, and Marcel Camus' "Orfeo Negro," winner of the 1959 Palme d'Or at

Cannes.

Goretta, 56, whose previous works include "La Demi-Libre" (The Lascemaker, 1977) and "L'Invitation" (1973), in which characters' expressions take precedence over plot, has chosen a classical interpretation of Monteverdi's op-

era.

Deny's film presents an upbeat

pop-singer rendition of Orpheus, the poet and musician who went to the underworld to rescue his wife, Eudice, after she was bitten by a

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Eudice on condition that he not look back at her before leaving the

underworld. Orpheus yielded to

the crowd, loved it and fell flat.

The Egyptians would rather see the

trailer be aggressive toward the

audience."

Although Helt is the show's

most famous star, his salary is \$250

a month, modest even in impoverished Egypt. Acrobats, jugglers, clowns and others may earn as little as \$40 a month.

Next year, to celebrate the

national circus's 20th anniversary, the

Ministry of Culture is planning an

international festival and will ask

35 countries to compete in a circ

circus competition.

There will be no other Arabic

circuses there. In the conservative

Islamic countries, the idea of a

woman performing in a leotard

and bare-legged would be abhorrent, as

would sexually integrated audiences.

Security-conscious governments might also be wary of ap-

roaching events that attract crowds

as a circus does. And in many other

countries of this region, there is

simply no tradition of humor as an

art form and little culture other

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TUESDAY, JULY 2, 1985

FUTURES AND OPTIONS**Surpluses, Structural Change Slow Commodities Trading**

By H.J. MAIDENBERG

New York Times Service

NEW YORK — Hedgers and speculators continued to abandon the futures markets in farm and industrial commodities in the first half of 1985. Not only did mounting surpluses of all basic raw materials discourage trading, but so did the growing realization that a fundamental structural change, rather than a cyclical one, was under way in the traditional commodities markets.

Examples of the structural changes are the huge increases in farm output in China and India, which were until recently major importers of food, as well as similar increases in base metals and tropical products — coffee, sugar and cocoa — by the dollar-starved poorer countries.

This development was reflected in the futures price index of the Commodity Research Bureau. The index of 27 key farm and industrial commodities dropped to 226.5 last Friday from 244.5 at the start of the year. Using 1967 futures prices as a base of 100, the index fell 7.3 percent in the first half.

"The surpluses tend to feed on themselves," said David T. Johnston, senior vice president and a director of E.F. Hutton & Co. "As the surpluses depress prices, producers try to compensate by increasing production, without regard for the economic consequences."

World sugar is a prime example. Its price on the free market plunged to 2.35 cents a pound last Friday, from 3.19 cents at the start of 1983. The price is at least 5 cents below the cost of production in even the poorest country.

BUT while commodity surpluses rise, the futures markets are benefiting from increasing concern over the value of the dollar, Mr. Johnston noted. This is why the volume in Treasury bond futures last month, 3.3 million, exceeded the total turnover in soybeans (\$53,000), corn (469,000), wheat (124,000) and cotton (\$8,000), which are the four most important crops in the United States.

Martin E. Abel, president of Abel, Daft & Early, Washington-based farm commodity consultants, observed:

"The structural change in the global food pattern began with the end of our postwar giveaway programs and the massive Soviet grain purchases in 1972. The fears then of world food shortages and subsequent flood of petrodollars into the Third World stimulated output of all commodities. Ironically, now that these recycled petrodollars have largely been drained by the heavily indebted Third World, producers there must produce even more to stay solvent."

Politics has also played a key role in stimulating output, said Sherman L. Levin, a Chicago-based consultant to agribusinesses citing the heavily subsidized domestic and European agricultural industries. He added: "But I think we are finally coming to the end of counterproductive domestic subsidy programs because everyone on the farm and in Congress now realizes that the global food market is being restructured and temporary handouts are no longer the answer."

Indeed, the new farm bill being discussed in Congress would require farmers who pawn their crops with the U.S. government to pay back these loans in cash. This would eliminate the old practice of defaulting on such loans when prices were low.

"This practice hasn't worked because the overproduction it encouraged only depressed farm prices further," Mr. Levin noted, "which meant that both the farmer and the government lost money."

David R. Armstrong, livestock futures analyst at Drexel Burnham Lambert (Continued on Page 13, Col. 5)

Developing countries, starved for dollars, have stepped up farm, base metal output.

Building Increases In U.S.**Rate for May \$343 Billion**

Compiled by Our Staff From Dispatchers

WASHINGTON — Spending on construction in the United States increased by \$5.2 billion, or 1.5 percent, in May to a seasonally adjusted annual rate of \$343.5 billion, the Commerce Department said Monday.

The May rate, which was the highest this year, was 8.5 percent or \$27.8 billion above May 1984, when the rate was \$315.7 billion.

In April, spending rose \$4.6 billion, or 1.4 percent, to \$338.3 billion, which was up from an earlier estimate of a 1-percent rise in April.

The department said construction spending expressed in 1977 dollars to remove the effects of inflation rose \$2.8 billion, or 1.4 percent, in May to a yearly pace of \$205.7 billion. The rate was the highest since 1973 when a housing boom was in progress, a department official said.

The department said construction spending for the building industry has been given to sharp declines in interest rates in recent months.

Inflation-adjusted outlays in May were \$13.1 billion, or 6.8 percent, higher than in May 1984.

In April, outlays after inflation adjustment rose \$2 billion, or 1 percent, to \$202.9 billion.

The Commerce Department said that both public and private construction increased in May.

Spending on private construction in May was \$182.6 billion at an annual rate, compared with \$179 billion in April.

Within the private sector the department said nonresidential building outlays rose to an annual rate of \$92.3 billion in May from \$91.2 billion the previous month.

Residential building increased to \$146.3 billion from \$144.5 billion.

Spending on single-family homes remained essentially unchanged in a month-over-month comparison. But the value of construction on multifamily units, such as apartment buildings, rose 3 percent. Commerce Department reported.

In May, outlays for public construction rose to an annual \$61 billion from \$59.3 billion in April.

The biggest gain in the government area was a 15.9-percent increase in spending for conservation projects.

The value of federal government construction rose 11 percent, but there was virtually no change in the value of state and local construction spending. (Reuters, UPI, AP)

Quebecor Escalates a War of Words**Giant Publisher In Canada Is Not Done Growing**Douglas Martin
New York Times Service

MONTRÉAL, June 12 — Pierre Péladeau, principal owner, founder and chief executive of Quebecor Ltd., says his favorite novelist is Honoré de Balzac. He appreciates the way the French writer combined style, substance and sex appeal.

That makes sense to Roger D. Landry, publisher of *La Presse*, a French-language newspaper here that is fighting an uphill battle with Quebecor's *Le Journal de Montréal*. He calls *Le Journal* a mixture of "sex, sports and sensationalism," and likens Mr. Péladeau to Rupert Murdoch, the Australian whose publishing empire on four continents includes more than 80 newspapers and magazines, among them *The New York Post*, *The Chicago Sun-Times*, *The Star* in the United States and *The Times* of London. Mr. Murdoch's critics say he has turned many of his newspapers into tasteless publications with sensational headlines featuring sex, crime and gossip.

In fact, Mr. Péladeau admires Mr. Murdoch as "one hell of a tough guy" and is bent on duplicating his success.

In two decades since he founded *Le Journal*, Mr. Péladeau has used a Murdoch-like formula to make *Le Journal* the biggest newspaper in Montreal, the biggest French-language paper in Canada and the second biggest Canadian paper in any language, behind only the *Toronto Star*.

The competition in Montreal has been tough. In 1975, there were five French-language papers in the city and two in English. Now, there are three French and one English.

Le Journal is a tabloid in a market that traditionally has liked tabloids. Its staple is sports and local news. Crime rates extensive coverage, but there is very little sex in the newspaper.

The readership is solidly middle-class. Increasingly, *Le Journal* is trying to appeal to younger readers, devoting more and more

Pierre Péladeau is publisher of *Le Journal de Montréal*, Canada's biggest French-language newspaper.

space to features on cinema and other entertainment topics.

Charles Dubnar, *Le Journal's* director of research, said *Le Journal* prides itself on being a supplement to television, not an alternative. "We're a newspaper for people who watch television," he said.

Mr. Péladeau has built a business empire consisting of three daily newspapers, 33 regional weeklies, four sensationalist popular papers and several magazines. Quebecor Ltd. also pub-

(Continued on Page 9, Col. 1)

Lufthansa to Buy 10 Boeing Jets, Seeks 10 OthersBy Warren Getler
International Herald Tribune

FRANKFURT — Deutsche

Lufthansa AG, in its second major purchase of aircraft in two days, said Monday that it had placed orders for 10 Boeing 737-300 passenger planes and taken options on 10 more.

Delivery of the planes is scheduled to begin in August 1986, Lufthansa officials said.

The purchase agreement with Boeing Co., estimated by Lufthansa officials at \$500 million, including the options, follows Saturday's signing of a major contract with Airbus Industrie for 22 planes at an estimated value of \$2 billion, again including the exercise of options.

The 737-300s will be powered by engines made by CFM International, a company jointly owned by General Electric Co. of the United States and France's SNECMA.

Mr. Abraham said much of the financing of the orders would be done internally, made possible, he said, by "Lufthansa's maintaining a steady cash flow of about 1 billion Deutsche marks over the past few years."

Mr. Abraham said Lufthansa would use normal credit lines with commercial banks to help finance the purchases and added that the West German government, which holds a 74-percent interest, would not be involved in providing credit for the state airline.

Lufthansa's net profit soared 156 percent in 1984 to 163 million DM from 64.4 million DM the previous year, while revenue climbed 16 percent to 10.3 billion DM from 8.9 billion DM.

Mr. Abraham said about half the 737-300s were needed to meet growing demand, and the others were sought as part of Lufthansa's plans to provide more space and comfort in planes of that size. He said the seating capacity in Lufthansa's aging fleet of Boeing 737-200s was being reduced to provide more room for first-class and business-class travelers. To compensate for the reduction in seat capacity, Lufthansa is trying to buy planes of a similar type with more comfort.

Asked why Lufthansa passed up ordering Boeing's 150-seat plane that is under development — as opposed to the Airbus A-320 — a company official said there was "no real alternative to the Airbus A-320 as far as what could be offered by 1989 and 1990 to meet our needs."

The Boeing 150-seater is to be marketed by 1992, Boeing officials have said.

The Lufthansa official, who asked not to be named, said speculation that the West German government — which is providing subsidies for the development of the A-320 — may have influenced Lufthansa's decision to buy the Airbus's 150-seat plane has no basis.

"We couldn't afford to make purchase decisions on political considerations and remain the profitable airline that we are," he said.

JAPAN PACIFIC FUNDSociété Anonyme d'Investissements
Luxembourg, 37, Rue Notre-Dame
R.C. Luxembourg B 8.840

A dividend of US \$0.50 has been declared payable as from July 1st, 1985 against surrender of Coupon No. 15.

Paying Agent: Kreditanstalt S.A. Luxembourgoise,
43, Blvd Royal, Luxembourg.**The "Bamboo"**

Another important trend was the heavy demand for dollar-denominated securities outside the United States.

Thus the Euromarkets flourished in the second quarter, making them increasingly important for corporate treasurers eager to raise capital and for underwriters eager to expand their business.

In the domestic market, Salomon Brothers hung onto the top spot

among underwriters on a global basis, according to IDD, lead-managing 104 issues valued at \$12.6 billion in the quarter.

Salomon Brothers followed with \$9.2 billion in 100 issues

involved in the lengthy negotiations.

First Boston was second with 61

issues valued at \$4.8 billion. Goldman, Sachs rose from fourth in the previous quarter to third. It managed 46 underwritings worth \$4.6 billion and was the leader in bringing common stock offerings to market. Merrill Lynch Capital Markets slipped to fourth from

third with 50 issues worth \$4 billion.

Drexel Burnham Lambert

climbed to fifth from seventh

in the second quarter, with 27

issues.

Analysts cited the continuing decline in interest rates as the principal factor behind the enormous success of securities sent to the market. This led to a huge amount of debt securities offerings but a modest amount of common stock offerings, according to IDD Information Services.

IDD reported \$6.8 billion in domestic stock offerings last quarter, up from \$4.3 billion in the first

quarter but still a modest sum, especially in light of the record levels of the U.S. stock market indices.

A sharp contrast was provided by the domestic fixed-income market, which saw \$24.9 billion in new offerings, compared with \$14.4 billion in the first three months of the year.

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BUSINESS ROUNDUP

Thorn Sees 'No Evidence' Of Recovery in Europe

Reuters

DETROIT — Ford Motor Co. has high hopes for increased profits from Europe, but 1985 has not proven to be the year that the company's executives, including its chairman, Donald Petersen, were hoping for.

In an interview, Mr. Petersen, who became chief executive last winter after five years as president, said 1985 had brought "no evidence of good strong recovery that everyone is waiting for" in Europe. He said the overall trend for Europe's motor industry remains one of intense competition, excess production capacity and heavy spending by companies to bolster their market shares.

About the only bright spot is that the turmoil in West Germany's industry early this year on emission-control standards seems to be over.

Ford's ability to improve its profitability in Europe, the company's second-most-important market, remains "very much in question at this point," Mr. Petersen said.

But he added that given the industry's problems, he was "rather pleased with the pattern of our performance and results in Europe so far this year."

The company's major strength continues to be North America, but Ford believes its extensive international operations eventually can become significant profit centers again.

Mr. Petersen said Ford, the world's second-largest auto manufacturer with operations in 26 countries outside North America, still suffered from the industry's problems in Europe and Latin America, where profits have been weakening for the past few years.

Ford last year earned record profits of \$2.9 billion, but less than 7 percent of it came from its subsidiaries outside North America.

Ferguson is already restructuring and urgent measures are being taken to improve Immos' performance, Thorn said.

Thorn said it was cutting the work force at Ferguson by 490. When added to the voluntary layoffs and cuts by attrition, the new cut would result in job reductions of 1,000 out of a work force of around 6,000.

Referring to Immos, in which it bought a 76-percent stake from the British government for £95 million a year ago, Thorn said the worldwide recession in the semiconductor industry had resulted in oversupply and a fall in prices.

Thorn said two executives, Richard Petritz and John Heagney, had been relieved of their duties at Immos.

Quebecor Is Escalating Canada's War of Words

(Continued from Page 7)

kishes and distributes books and records, owns and operates 13 printing plants and owns 24 photographic supply stores.

Among Quebecor's three principal areas of business, some 44 percent of revenues last year came from publishing, 24 percent from printing and 32 percent from distribution.

For the year ended Sept. 30, net income jumped nearly 50 percent, to \$3.3 million, on sales of \$203.6 million. For the first six months of this year, net income was up by nearly two-thirds, to \$4.6 million.

All this is appreciated on the Montreal, Toronto and U.S. stock exchanges where Quebecor shares are traded. After reflecting a two-for-one stock split in February and a three-for-one split approved by shareholders June 11, investors could have about doubled their money over the past two years.

And that appears to be just the beginning. "We're in the market for a Canadian daily, an American daily and a French daily — we're in the market for a lot of things," Mr. Peladeau said. Although most acquisitions are considerably smaller — a rural weekly, say, rather than a big-city daily — Quebecor has been recently making about one acquisition a month.

If the price were right, Mr. Peladeau said, he would be interested in buying either the New York Post or the Chicago Sun Times from Mr. Murdoch, who is expected to sell both newspapers because of his deal to purchase the largest group of independent television stations in the United States from Metromedia Inc. for more than \$2 billion.

A federal regulation generally bars a newspaper owner from owning more than 5 percent of a broadcast station in the same city, and two of the stations in the Metromedia deal are in Chicago and New York.

Mr. Peladeau is also considering establishing a daily sports newspaper in Philadelphia, Boston or Detroit, perhaps expanding to a national sports daily along the pattern of the Gannett chain's USA Today.

"He's pretty well saturated the Quebec market," said David Schulman, senior analyst with the Montreal securities firm of Geoffroy.

GE Reaches Tentative Pact With 2 Unions

GE Reaches Tentative Pact With 2 Unions

The Associated Press

NEW YORK — A tentative settlement between General Electric and two unions representing 55,000 workers was reached Sunday, just two hours before the contract was to expire at midnight.

Neither management nor the unions would disclose details of the three-year contract, pending ratification by the unions' full negotiating committees, which were to meet Monday. The proposal must also be approved by the unions' conference board and by the full membership.

About the only bright spot is that the turmoil in West Germany's industry early this year on emission-control standards seems to be over.

Ford's ability to improve its profitability in Europe, the company's second-most-important market, remains "very much in question at this point," Mr. Petersen said.

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Donald Petersen

Hongkong & Shanghai Bank Unveils 47-Story, High-Tech Headquarters

Reuters

HONG KONG — Hongkong & Shanghai Banking Corp. unveiled its new headquarters on Monday, an aluminum-clad skyscraper bolted together by steel spars that hang from 32 supporting masts.

The bank says its high-technology building, designed by Norman Foster, a British architect, has cost 5 billion Hong Kong dollars (\$640 million).

Guarded by two bronze lions, which sit outside the old headquarters for more than 40 years, it towers 47 stories over the financial center of Hong Kong and overlooks the harbor.

"There is nothing like it in the world," said Roy Fleetwood, the architect in charge of the project here. "It is unique."

The building's contractors, John Lok & Partners and George Wimpey International, celebrated the completion of the main construction phase Monday. Workers will move in within the next few weeks, and the bank will open for business next month.

The bank is the territory's largest and acts as an unofficial central bank.

Honda to Build Cycles in Mexico Starting in 1986

United Press International

TOKYO — Honda Motor Co. plans to start producing motorcycles in Mexico late next year, a company spokesman said Monday.

The spokesman said the Mexican government authorized Honda on June 24 to set up a wholly owned subsidiary to build and sell motorcycles with an engine displacement of more than 350 cubic centimeters.

Construction of an assembly plant is to begin this year and production is to start by the end of 1986, the spokesman said. He gave no other details.

Olivetti Delays Decision on Role in Acorn

Reuters

IVREA, Italy — Olivetti SpA said Monday that it was postponing a decision on its future with Britain's Acorn Computer Group PLC until Acorn's refinancing plans have been set up.

Olivetti, the Italian office automation group, saved Acorn from collapse in February when it paid £10.4 million (\$13.5 million) to acquire a 49.3-percent stake in the company, which specializes in educational computers.

Acorn, along with other personal-computer makers, is suffering from a slump in demand.

A spokesman for Olivetti declined to comment on reports in the British press that it intended to cut its losses and pull out of Acorn.

Acorn said last week that it had asked the merchant bank Close Brothers to submit plans for refinancing after a sharp worsening in its financial position since Olivetti made its capital injection.

The Olivetti spokesman was unable to say when Close Brothers would present its proposals.

COMPANY NOTES

Bath Iron Works, a major U.S. Navy contractor, had construction virtually halted at its three shipyards in Maine when more than 4,500 workers went on strike over company demands for wage and benefits concessions. Bath recently initiated a new fleet of warships.

Sanyo Electric Co. said it will begin making Beta-format video tape recorders this summer at the Sanyo Espaia SA factory in Spain that is a joint venture with Aznara Industries SA. Key parts will be brought in from Japan.

Westinghouse Electric Corp. said it will phase out elevator manufacturing in Randolph, New Jersey. Equitorial provides satellite communications services and had 1984 sales of \$38.3 million.

Toyota Motor Co. may begin, as early as autumn, assembling its own cars for the U.S. market at a plant in California, a trade paper, Automotive News, said. The plant, co-owned with General Motors Corp., now makes small cars sold through GM's Chevrolet Division.

Axel Springer Verlag AG, the West Germany publishing company, has closed ahead of schedule its public placement of 1.67 million shares, which have been heavily oversubscribed.

Hospital Corp. of America said it may go to court to challenge parts of Baxter Travenol's offer for

The IUE is the largest of the unions bargaining with GE, representing 47,300 workers. The United Electrical, Radio and Machine Workers union has 8,600 GE employees.

The two unions have been jointly negotiating with the company since May 14.

Ten other unions representing 33,000 GE workers were also involved in the talks, although only two national contracts will emerge. The IUE and UE contracts, usually identical, are the framework for 100 local contracts.

Abu Dhabi Cuts Oil Output

ABU DHABI — Abu Dhabi, the main producer in the United Arab Emirates, reduced its output of crude oil in June to close to its OPEC quota of 950,000 barrels a day from earlier levels of 1.1 million, industry sources said Monday.

AEGON nv established at The Hague

US \$25,000,000

7 1/4% convertible subordinated debentures due 1988/1982 AEGON nv

We hereby announce that as a consequence of the split of AEGON nv ordinary shares of Dfl. 10.00 into ordinary shares of Dfl. 5.00 with effect from June 14, 1985, the conversion price according to the meaning of article VIII of the Trust Agreement of June 15, 1977, should be altered to 63.51 shares per debenture of US \$1,000 nominal (previously 41.76).

The Hague, 28th June 1985 The Executive Board AEGON Insurance Group - International growth from Dutch roots

DREYFUS INTERCONTINENTAL INVESTMENT FUND N.V.

DECLARATION OF DIVIDEND

At the Annual General Meeting of the Dreyfus Intercontinental Investment Fund N.V., held in Curacao on May 16, 1985, the Stockholders of the Fund, acting upon the recommendation of the Fund's Board of Directors, declared a dividend of U.S. \$0.12 per share to Stockholders of record on May 31, 1985. The dividend is payable on June 11, 1985 to holders of bearer shares upon surrender of Dividend Coupon No. 15 as attached to the share certificate, to one of the offices of the paying agents listed below. The distribution is being made from net investment income.

DEUTSCHE BANK AG

Grosse Gallwiesstrasse 10-14

6000 Frankfurt/Main

West Germany

MORGAN GREENFELL & CO. LIMITED

22, Great Winchester Street

London EC2P 2AX

England

BANQUE INTERNATIONALE &

LUXEMBOURG

2, Boulevard Royal

Luxembourg-Ville

Luxembourg

ROYWEST TRUST CORPORATION

(BAHAMAS) LIMITED

P.O. Box N 7786

Nassau

Bahamas

Dividends payable on shares held in a Dreyfus Intercontinental Voluntary.

Account will either be paid directly to the Account holder or automatically reinvested, depending upon the election made by the Account holder when his Account was established.

Reports are available at the Offices of the above-mentioned paying agents or at:

DREYFUS GMBH

Maximilianstrasse 24

8000 Munchen 22, Germany.

Looking for capital growth?

FIVE REASONS FOR INVESTING NOW IN EUROPEAN EQUITIES

Europe has proved to be an exciting area for investment in the recent past. The prospects for Europe still look good for five reasons:

1) Political Climate

The reduction of Government expenditure, combating inflation and most importantly, boosting the corporate sector have all become high priorities in Europe. This is most noticeable in the Netherlands, Germany and Belgium but also in France where there has been a distinct shift in Government economic policy.

2) Economic Recovery

European economies are now picking up. In Germany the Bundesbank forecasts that GNP in 1986 will grow by 2.4%, and that exports should grow by almost 6%. Next year the German inflation rate is forecast at 2.4% while for the Netherlands it is 1.4%, Switzerland 3.9% and France 4.4%.

3) Strengthening Currencies

During the first half of 1985, European currencies appreciated against the Dollar. An important reason for this was the downward movement of US interest rates.

4) Company Performance

Company profits look set to enjoy another year of growth in 1985 and 1986 benefiting not only from continuing demand and low interest rates, but also from the significant rationalisation measures initiated in recent years. Europe boasts numerous growth areas and offers quality companies in such industries as pharmaceuticals, chemicals, electronics, electrical engineering and financial services, many of which have no parallel elsewhere.

5) Wider Share Ownership

Tax concessions and pension schemes in many countries encourage wider share ownership and persuade companies to turn to the equity markets for finance, resulting in a flow of funds into the investment markets.

Major US institutions are continuing to diversify their portfolios internationally.

The New European Equity Fund

The objective of the Hill Samuel European Equity Fund is to achieve long term capital growth through investment in European equity markets. All income is reinvested to build up the asset value of the shares.

The assets of the Fund will be invested in the stock markets of continental Europe. Purchases may also be made in the United Kingdom when appropriate. The general policy of the Fund will be to hold equities and bonds convertible into equities of continental European companies, but fixed interest securities and cash may also be held.

The Managers of the Fund are Hill Samuel Fund Managers (Jersey) Limited. The Investment Advisers are Bank von Ernst & Cie AG, Berne, Switzerland. Both these companies are members of Hill Samuel Investment Management International SA, the overseas investment arm of Hill Samuel Group which currently has in excess of US \$8,000 million of investments under advice and management.

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SPORTS

Top Seeds Win; Becker Nips Nystrom; Mandlikova Defeated

Compiled by Our Staff From Dispatches

WIMBLEDON, ENGLAND — John McEnroe, Ivan Lendl and Chris Evert Lloyd kept rolling Monday in the Wimbledon tennis championships, but seventh-seeded

WIMBLEDON TENNIS

Joséphine Nystrom of Sweden and No. 11 Yannick Noah of France were eliminated, as was the No. 4 women's seed, Hana Mandlikova.

Nystrom went out in a riveting five-setter against West German youngster Boris Becker, while

Noah was eliminated by Vijay Amritraj, the stylish Indian veteran. Elizabeth Smylie of Australia knocked out Mandlikova, and another woman's seed went out when France's Pascale Paradis ousted No. 14 Wendy Turnbull of Australia.

But No. 2 seed Lendl prevailed over Israeli Shlomo Glickstein to join the top-seeded McEnroe in the fourth round. Lendl, who struggled through his first two matches, finally found his game in the third set as he defeated Glickstein, 7-6, 4-6, 6-3, 6-2.

Becker, 17 and a member of the West German Davis Cup team, ousted Nystrom, 3-6, 7-6, 6-1, 4-6, 9-7, in a match that began on Saturday but was suspended because of rain and darkness. A devastating serve, sharp volleys and quickness on Monday demonstrated that

Amritraj, playing in his 14th Wimbledon, was on Centre Court for the first time since 1982. He delighted the crowd as he stopped Noah, 4-6, 6-3, 7-6. He won the second-set tiebreaker, 7-5, and the fourth-set tiebreaker by 7-3 after sailing to a 6-1 lead.

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Becker is a force to be reckoned with. He served 20 aces and hit numerous unreturnable shots. But Nystrom, who had not advanced past the second round in three previous Wimbledons, also showed superb form, hitting winners from all angles and making Becker dive for blistering returns.

"I played one of my best grass-court matches," said the Swede. "But Becker served very well. I don't think he is going to win Wimbledon this year."

"He's very strong, and he's going to be in the top five in the world in the next few years — maybe next year."

"This was good for my confidence," said Becker. "To beat someone who is eighth in the world — especially if he is a Swede — that is very good. It was only the second time I have played a five-set match. The first time was against Stefan Edberg in January, and I won that too."

In the fourth round, Becker will meet Tim Mayotte, a hard-serving American.

McEnroe, playing on an outside court for the first time since 1979, rolled past South African Christo Steyn, 6-3, 6-3, 6-4, while Evert eliminated Australia's Jenny Byrne, 6-2, 6-1.

Paradis topped the veteran Turnbull, 2-6, 7-5, 6-1, while Smylie, pressuring Mandlikova, beat the unpredictable Czechoslovak, 6-1, 7-6.

For years, Mandlikova, 23, has been pegged as the heir to Martina Navratilova and Evert. Her previous performances include a runner-up finish in the U.S. Open at 18 and a victory in the French Open at 19.

But her first set-play Monday was so listless and rife with unforced errors that anyone might have questioned her current No. 3 ranking worldwide. After a two-service break first set, Mandlikova's performance improved, but in the end — a tiebreaker — it was not enough.

"In order to win you have to be

cager and hungry," Mandlikova said. "Today, I was not eager and hungry." Asked why not, she said: "I am not going to tell the English press. No comment."

Indicative of Mandlikova's reputation for inconsistency were her opponent's comments afterward. "You never know what's going to happen in a match with Hana," said Smylie, 22. "She can play brilliantly one moment and do something stupid the next. She is erratic."

For herself, the 55th-ranked woman worldwide said: "This is one of the biggest wins of my career. I have beaten her once before, and that helped me because I went out there with confidence ... I am a grass player, so even though I hadn't been playing well earlier this year when I come to England my confidence shoots up a couple of notches."

The women's fourth-round pairings were completed as fourth-seeded Manuela Maleeva of Bulgaria defeated American Robin White, 6-3, 6-3; No. 5 Pam Shriver of the United States eliminated

Briton Virginia Wade, the 1977 Wimbledon champion, 6-2, 5-7, 6-2; No. 11 Steffi Graf of West Germany stopped American Stephanie Reihe, 6-3, 6-2; No. 16 Kathy Rinaldi edged fellow American Amy Holton, 7-6, 6-4; Britain's Jo Durie downed American Elise Burdin, 7-5, 7-5; Barbara Potter ousted fellow American Patti Fenwick, 7-6, 6-1; American Anne Smith defeated Isabelle Demongeot of France, 6-2, 6-4, and Molly Van Nostrand of the United States ousted Larisa Sechenko of the Soviet Union, 6-3, 6-3.

Both Mandlikova and Turnbull were in Evert's half of the draw, where only two other seeds remain: Rinaldi and Czechoslovakia's Anna Sukova. Evert will not play another seeded player until the semifinals.

With occasional flashes of brilliance (and signs of boredom), McEnroe raced to a 4-1 lead in the opening set, before closing it out on his second set point. He relinquished only two points on his first five service games. The only problem Steyn presented the defending

champion was a powerful first serve; he scored eight aces to McEnroe's three.

In the second set, Steyn broke

McEnroe in the eighth game, tying

the score at 4-4, but lost his serve in the 11th game. McEnroe then served out the set, broke in the fifth game of the third set and closed out the match.

McEnroe was a bit miffed by the decision to send him out to the wilderness. "I think the defending champion should get one of the show courts [Center or No. 1]," he said.

McEnroe said he thinks his half

of the 128-man draw, where he's

needed to face 32-year-old U.S.

Jimmy Connors in the semifinals, is tough despite containing four qualifi

ers before play began Monday.

"Some lower ranked players can

score upsets here by just serving

well," he said. "The conditions"

— often slick grass — "are conducive to upsets."

In a match suspended from Sat

urday and completed Monday un

der bright skies, Henri Leconte of

France eliminated Britain's John

Evert 5-7, 6-3, 6-4, 6-4. (AP, UPI)



Hana Mandlikova
... I was not eager and hungry.



Chris Evert Lloyd and John McEnroe, en route to their straight-set victories Monday.

SCOREBOARD**Baseball****Major League Leaders****NATIONAL LEAGUE****AMERICAN LEAGUE****PITCHING****SCORING****FIELDING****BATTING****TEAM STANDING****WORLD LEADERS****PER/ERA****ERA****ERA+****ERA%****ERA+/GAMES****ERA+/GAMES+****ERA+/GAMES%</**

ART BUCHWALD

Angst at Wimbledon

WASHINGTON — Charlton Heston told The Daily Mail in London last week that he would not sit in the royal box at Wimbledon this year because he was afraid that John McEnroe might embarrass him. "I do not want to sit... and risk the embarrassment, as an American, of seeing an American disgrace his country."

I know exactly what Chuck is talking about. I've turned down invitations to sit in the royal box for several years because I was afraid McEnroe might do something to make me terribly ashamed.

It was a great sacrifice for me, because that's the only place I enjoy watching the matches on center court.

I recall the last time I sat there. I was squeezed between Queen Elizabeth and Prince Philip. Seated in front of me were Lady Di and Prince Charles and Princess Anne. Behind me were the Duke and Duchess of Kent.

We were laughing and joking, as one always does in the royal box, when McEnroe came on the court. I stiffened measurably as McEnroe gave the drinking fountain a good kick. It was going to be a long afternoon.

No sooner had play commenced when John complained that the ball boys were not retrieving his tennis balls fast enough.

The queen turned to me and said: "A fellow countryman?"

I smiled weakly. "Not really. Your Majesty. He's from Long Island."

A few points later McEnroe grabbed a photographer's hat and pulled Schweppe's tonic all over it. It was either the Duke of Kent or Prince Philip who said, "The chap has a lot of spunk."

Panda Twin Dies in Mexico

The Associated Press

MEXICO CITY — The smaller of twin pandas born last week at the Chapultepec Park Zoo has died. It had been ignored by its mother, the zoo's administrator said.

I wanted to crawl under my chair.

With the set 6-all and a key point at stake, McEnroe launched into a vicious verbal assault on a lady linesman at our end of the court. He used words never uttered at Buckingham Palace.

Red-faced, I turned to Queen Elizabeth and said, "Do you want me to leave?" She smiled and patted my hand gently. "You can't be responsible for what another American player does. I recall when you played Wimbledon. Your manners were impeccable."

"I was representing my country. In those days we left the line calls to the officials."

We were into the second set when McEnroe approached the umpire's chair and started what could charitably be described at Wimbledon as a "heated discussion."

Lady Di put her hands over her ears as Prince Charles tried to console her. "It's going to be all right, my dear. The man is just trying to psych himself up."

Then Prince Charles turned to me and said apologetically, "I don't know why women insist on coming to Wimbledon just to come to tennis, as played by Americans, is a very bloody sport."

Having lost his argument, McEnroe went over to a bench, picked up an equipment bag and started to slam it against the umpire's chair.

The queen said to me, "Would you care for some tea?"

I was dying inside. "Lemon and one lump of sugar, please."

The Duke of Kent squeezed my shoulder. "I once knew a Yank who destroyed his metal locker with his racket. Except for that he was quite a relaxed player."

It was toward the end of the match that McEnroe, having double-faulted three times in a row, started to deliberately smash balls at our box.

This was too much for me, and as the royal family ducked under their seats, I left the box in shame and disgust, never to return again.

Chuck, you can take it from somebody who has been there. Even if you now have a lousy seat, you did the right thing.

For Guitars, the Shape of the Future

By Bob Baker
Los Angeles Times Service

SANTA MONICA, California — Hoy Axton, the prototypical big-bellied, hard-living country-western singer leaned over a small workbench and eyed Danny Ferrington, who is a half-foot shorter and a hundred pounds lighter.

"You know," Axton said in his deep, slow Oklahoma way, "you're the most expensive male friend I've got."

Ferrington laughed. He can afford to. People like Axton pay him thousands of dollars to do what he has always dreamed of doing.

There he sits inside a second-floor loft in an industrial section of Santa Monica, a Los Angeles suburb, burying himself in an intimate dialogue with slabs of spruce and rosewood.

Ferrington, an enthusiastic, irreverent man who says his goal is to be the Calvin Klein of guitars, is establishing himself as designer for some of the more adventurous stars of rock and country music. For \$2,000 to \$3,000, he crafts instruments whose design shatters the mold of convention.

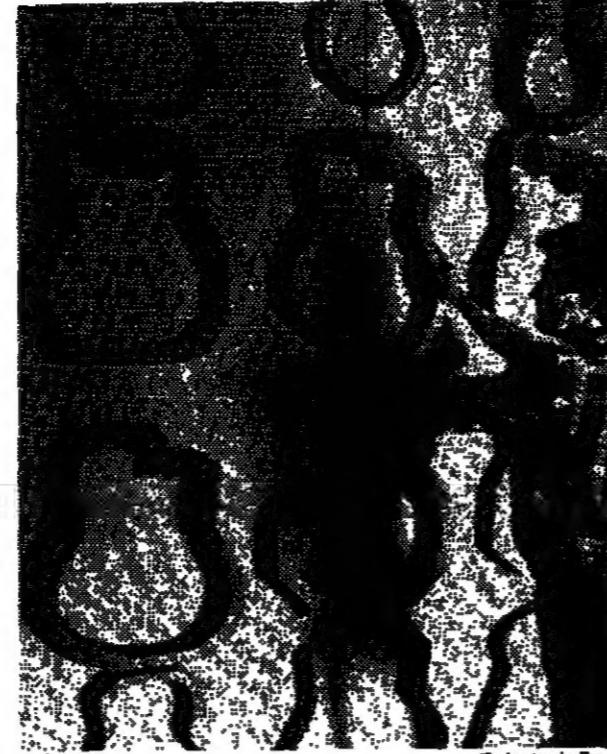
Traditional, comfortable curves are replaced by jarring angles and unexpected twists. The color may be determined by something as whimsical as a singer's favorite lipstick. The wood may be chiseled, lacquered and painted to resemble the jagged frame of the acoustic guitar's bitter rival, the electric guitar. The elaborate mother-of-pearl trim that Ferrington cuts with a jeweler's saw and lays into the wood may duplicate the heart-and-crossbones tattoo on one star's arm or highlight memorable dates in another's life.

Or, as in the case of a guitar Ferrington built for Axton in 1979 in Nashville, even more esoteric combinations may arise.

Axton wanted the neck of his guitar to be lined with "a tree of life" design he had seen on a turn-of-the-century folk guitar. He wanted to tinker with its symmetry and its bland blandness. He wanted to make weird shapes.

"The craft of the guitar has sort of been frozen," he said. "It just doesn't seem that there've been acoustic guitars that are keeping up with the fashions and the trends."

Axton also wanted a buffalo at the base of the instrument. Not just any buffalo, but, as he put it,



Danny Ferrington with individualized guitar frames.

"an anatomically correct albino buffalo."

The buffalo must have had deep symbolic meaning, a visitor suggested recently when Axton came from Lake Tahoe, Nevada, to see Ferrington.

"Well, it did at the time," Axton said. "I can't remember what it was."

Ferrington, 32, the son of a Louisiana cabinet-shop owner, grew up enamored of woodworking and guitars, spent five years refining his trade in a well-known Nashville guitar repair shop and went to Los Angeles in 1980 to open his own business.

Long before he arrived, he said, he had grown bored with the look of the acoustic guitar. He wanted to tinker with its symmetry and its bland blandness. He wanted to make weird shapes.

"The craft of the guitar has sort of been frozen," he said. "It just doesn't seem that there've been acoustic guitars that are keeping up with the fashions and the trends."

Ferrington shares a house with the singer Linda Ronstadt, whom

he first met in Nashville, but he described her as "my roommate" — period.

In a high-voiced twang he gospelized knowledgeably about rock and country performers, talked like an electronic engineer discussing the subtleties of "equalizing" an acoustic bass guitar in a recording studio, and waxed dreamily about one day licensing his various designs for mass production.

"Beyond making money, I would love to see kids going down to the store and seeing these guitars on the shelves," he said. "It's just like clothes. If there was only a tweed coat you had to pick from, it'd be very boring."

"The Martin," he said, referring to the brand regarded as the classic of acoustic guitars, "is a wonderful guitar, but I like it more like a lute."

The construction and design process takes about four weeks. Ferrington confers with a client and traces a frame that fits the buyer's technical desires and fashion preferences, hoping to capture the essence of the performer.

"It's exciting to sit down with someone and not know what you're gonna come up with, a completely unique instrument that never existed before. When you confront a guitar player, they all have ideas, but they're hesitant about asking me, 'cause they think I'm gonna laugh at them."

"I've played so many guitars and listened to so many guitar players — that's where I've learned so much from, trying to poking in there and get certain adjectives from them, about what kind of sound they're trying to get, trying to get them to impart a little bit of what they know."

Developing the critical relationships that determine the instrument's quality and tone — the thickness of the sides, the dimensions of the braces — is largely intuitive, Ferrington said.

"That's just where good sculpture and good art come together. It's one of those things like walking, where you don't think about it. You develop certain instincts. You can't tell Willen de Kooning where to put a big blue swipe. He just puts it there."

Ferrington's flamboyant design is creating a "new aesthetic" in guitar-making, according to Tom Wheeler, editor of *Guitar Player* magazine, who added that the tonal quality of Ferrington's instruments was as highly regarded as their look.

Ferrington walks over to where a couple of dozen unusually shaped guitar body frames are hung.

"That's the one I made for the kid with Van Halen," he said. "This is J. D. Souther, that's a bass for Elvis Costello over there, that one's for Stephen Bishop, there's Richard Thompson, Nick Lowe, Carleen Carter, that's for

the guy with the Car.

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PEOPLE

Von Karajan at Vatican

Herbert von Karajan, the Vienna Philharmonic and two choirs joined Pope John Paul II in a performance of Mozart's "Coronation Mass" in St. Peter's Basilica to mark the Feast of SS Peter and Paul. Vatican sources said it was the first time in memory that musicians of such renown had joined with a pope in celebrating Mass at St. Peter's. The 77-year-old Austrian conductor, music director of the Berlin Philharmonic, suggested the musical Mass to the pope during John Paul's visit to Austria in September 1983. Joining the Vienna Philharmonic were the American soprano Kathleen Battle, the West German mezzo-soprano Trudeau Lieser, the Swedish tenor Gosta Winbergh, the Italian bass Ferruccio Furlanetto, the orchestra's choir and the Sistine Chapel Choir. Those attending the service included the *Fiat auto magnate* Gianni Agnelli, the fashion designer Valentino and the Aga Khan.